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EDITORIAL COMMENTS ON MOSCOW'S EUROMISSILE CAMPAIGN

LD240949 Paris LE MONDE in French 19 Mar 81 p 1

[Editorial: "Moscow and Its SS-20S"]

[Text] Of all the proposals put forward by Mr Brezhnev at the recent congress, the one for a moratorium on the deployment of any new medium-range nuclear missiles in Europe is being given the strongest thrust by Soviet diplomacy. Hardly a day goes by without the Moscow press returning to the Euromissiles issue, while the FRG, the main target of this offensive, is receiving all kinds of prominent Soviet visitors, all instructed to demonstrate the "serious drawbacks" to the Germans of deploying new U.S. weapons on their territory.

So far this offensive has not produced the anticipated results. West German Foreign Minister Mr Genscher has in fact toughened his stand and announced Tuesday in Bonn that Mr Brezhnev's moratorium is "unacceptable" and that it is "not even necessary to greatly ponder" this offer. TASS described this stance as "totally incomprehensible."

The Soviet arguments are relatively simple. The program for the SS-20S, about 150 of which have been deployed in recent years, is simply a modernization of the old SS-4 and SS-5 missiles deployed 20 years ago to match the "forward-based systems" then, and still, available to the United States in Europe.

Therefore this plan changes nothing in the existing balance, since the counter-measures envisaged by the United States and its allies introduced--still according to Moscow--a difference "of kind": the U.S. Euromissiles could in fact attack not only the USSR's territory but, thanks to their great accuracy, the "central" nuclear resources of the Soviet arsenal, the very ones for which a delicate balance was established by the SALT agreements. Moscow therefore considers itself entitled to keep its SS-20S and to demand that the West abandon its own program, due to start in 1983.

The West in turn is not short of arguments. It maintains that, because of their accuracy, the SS-20S enable Moscow to wage an offensive and selective war on the main NATO military targets, while their predecessors permitted only a retaliatory strike against European cities. This would not be the case with the U.S. Euromissiles, the great majority of which--462 Cruise missiles--are much too slow

for first-strike offensive action. Furthermore, the U.S. forward-based systems, relatively important at the time the SS-4S and SS-5S appeared, have been reduced since then following Kennedy's withdrawal of U.S. missiles from Turkey and Italy.

Soviet hopes are justified inasmuch as the twofold aspect of NATO's decision--to deploy the Euromissiles but at the same time to seek negotiations with the USSR--will enable them to wage all kinds of rearguard actions on the diplomatic plane. The offer of a moratorium is simply a first step along this long road.

CSO: 3100

PAPER CITES EUROPEAN SOCIAL DEMOCRATS' DETENTE CONCERNS

LD011435 Copenhagen AKTUELT in Danish 27 Mar 81 p 7

[Article by Lasse Budtz, Chairman, Social Democratic Foreign and Defense Policy Committee: "Brandt: No Shortcut from Military Spending to Third World Aid"]

[Text] When Europe's Social Democratic parties met recently in Paris for a 2-day conference at the suggestion of the parties within the EEC, Willy Brandt was naturally enough once again one of the main speakers. He appeared to be well prepared and gave two major speeches, one of which concentrated exclusively on disarmament and detente.

At one point this speech developed into something of great interest in connection with the debate which has arisen within the Danish Social Democratic Party on the subject of the defense settlement negotiations.

After stressing the necessity of further pursuing the so-called SALT process, the superpower negotiations on limitations on the long-range strategic nuclear arms race, Willy Brandt declared that there is no shortcut from Third World aid budgets to military budgets, and vice versa. None of us, he said, could simply transfer money from the military to development aid. We are tied by an alliance, and such things should not be done without negotiations with partners.

"But," Willy Brandt added, "this ought also only to be done after negotiations with our opponent--for it is of crucial importance that we maintain the security balance. Only by maintaining it are there chances of implementing disarmament. By acting alone and unilaterally on disarmament we in fact achieve nothing. We must do this simultaneously and reciprocally and only after negotiations with the Warsaw Pact countries. But there must be no doubt that the long-term goal must be limitations on military spending and an increase in aid to the developing nations."

In this section of his speech Willy Brandt also stated that in his opinion it is slowly beginning to dawn on the U.S. Government what is at stake. The West European arguments (which have been strongly voiced by the Social Democratic Parties in particular) on negotiations about the medium-range missiles, for example, have made an impression.

After the meeting I was able to discuss precisely this section of the speech with Willy Brandt, and he confirmed that his view is the one I have reported. He also gave me permission to reproduce the speech's contents, even though it was delivered at a closed meeting.

We also spoke about the West German defense budget, which does not incorporate the 3-percent increase which has been so much spoken of within the NATO alliance. But there will be an increase of over 2 percent. Willy Brandt was unable to say exactly how large the increase would be, but something approaching 2.4 percent is possible.

The cuts in the planned West German defense budget, which have also been mentioned in the Danish debate, are really a drop in the rate of growth, achieved through the postponement of some expensive projects in the military sphere. But there is no question of an actual cut in the defense budget.

These things are mentioned here simply to establish the facts. The unifying theme of the conference was disarmament, but controlled and balanced. Many of the speakers, including several of Europe's leading Social Democrats, proposed a reassessment of our security policy priorities.

Both Willy Brandt and Francois Mitterrand proposed such a procedure, but without questioning Western security and defense cooperation. Mitterrand remarked in his speech that it would hardly be wise to leave to rightwingers the defense of the nations' interests.

The Federation's president, Netherlands party leader Joop Den Uyl, delivered an extremely tough speech in which he stressed that the goal must be a fight against continued rearmament and increased defense budgets, and that Europe must combat the prevailing trend toward bloc confrontation. Europe must formulate its own policy, he said, also because it is probably Europe which is in the greatest danger of becoming the first battlefield.

We must protect detente, and we must evaluate the balance the whole time. Is it necessary for the two sides to have the same sort of arms, if balance can be achieved in some other way? We must work for developments which will lead to constructive negotiations with the Soviet Union on theater nuclear forces, the European medium-range missiles. We must consider whether it is possible to reach a situation in which it may not be necessary at all to deploy the West's medium-range missiles, and which could lead to a reduction in the Soviet SS-20 missiles. This possibility must at any rate be taken into consideration in the debate.

We must endorse the summit proposal. We must demand that SALT be taken further, and we must negotiate on the theater nuclear forces. It is ridiculous even to contemplate the possibility of waging a limited nuclear war in Europe. We must continue cooperation with the United States, but we Europeans must also shoulder our own responsibility and shape our own policy, Den Uyl said.

At the concluding press conference Francois Mitterrand established that the SS-20 missiles destroy the balance in Europe, but that the Pershing-2 missiles also do so. However, the preservation of the military balance is of primary importance, but it goes without saying that it would be a good thing if it could be preserved at a lower level. This could be the first objective.

Without going into greater detail it is correct to stress that the necessity of continued cooperation with the United States was often stressed, but that deep concern over the new U.S. administration's foreign policy was expressed just as often. But only time will tell to what extent Social Democratic misgivings will have an impact in Washington.

SOCIOLOGIST WANTS FRG 'EMANCIPATED' FROM U.S. SECURITY POLICY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 10 Mar 81 pp10,11

[Lecture by Dr Alfred Mechtersheimer: "Instead of Pledges of Allegiance to Alliance, Emancipation from U.S."]

[Text] "The reform of German security policy must commence with a review of what constitutes a threat." That is the conclusion reached by Dr Alfred Mechtersheimer of the Max Planck Institute for Social Science in an address on "Problems and Perspectives of German Security Policy in the Eighties." In his lecture at a conference on "The United States and Europe" held by the Evangelical Academy Loccum, Dr Mechtersheimer said Western Europe has a unique opportunity to emancipate itself from the United States. The FRG, Mechtersheimer feels, can play a key role in this process-- an assessment which takes on added significance in view of chancellor Helmut Schmidt's recent proposal to President Reagan to accept the Soviet offer of negotiations. Herewith the full text of Dr Mechtersheimer's address.

If what Egon Bahr once said is true, namely that detente got underway because the two superpowers have weapons at their disposal it makes no sense to use in view of their enormous destructive power, then detente has no future. The fact is that there is growing belief that waging --which means winning-- a war using strategic nuclear weapons is possible. There are good reasons to doubt that a nuclear war could be limited to military objectives or to a given region. Nonetheless, concern over the other superpower's first strike capability is a real component of the deterrent system and does influence both weapons development and doctrine. Sooner or later, concern by both sides about the potential first strike capability of the adversary will lead to an actual first strike capability by both sides.

Contrary to a thesis promulgated by the critical peace research community in the early seventies, deterrence and detente were mutually compatible. But improvement in East-West cooperation in the face of the threat of mutual annihilation was possible only as long as the political aspect of strategic weapons as a means

to prevent war was a decisive factor-- as long as, in other words, the use of nuclear weapons would have led to self-annihilation in view of the adversary's reaction capability. According to American concepts to be verified and Soviet concepts to be assumed, war between the two alliances is to be prevented on the basis of mutual deterrence in the future as well.

But, when Alexander Haig says "even if one wishes to prevent nuclear war, one must be sufficiently well armed to win it" then that raises the question whether the existing goal of preventing war can in fact be attained on the basis of such a philosophy.

The process of evolution which has led to the military feasibility of employing strategic nuclear weapons is best exemplified by the erosion of the concept of mutually assured second strike capability. The main goal of arms control policies was to stabilize this system. SALT failed because it proved impossible both to secure the open flanks vis-a-vis weapons technology and the political basis for the deterrent system. Multiple warheads and improved accuracy of long-range missiles made the other side's targets more and more vulnerable. Deterrent systems cannot be stable, if a single missile with ten warheads can destroy ten of the adversary's missile silos.

If new arms technology has led to the possibility of an annihilating or numbing first strike, then the classic military axiom will apply to strategic nuclear weapons, too-- namely that he who fires first stands the best chance to "win."

This revolutionary change in the nuclear equation becomes a threat to peace if and when political relations between the two superpowers change. The superpowers view the nuclear standoff as a way of tying their hands. The senselessness of constantly amassing unusable armaments can in the long run only be resolved by disarmament or by using the weapons. To the degree that the nuclear standoff and the restraints it imposes are superseded by weapons technology, the weapons themselves become multiple instruments of foreign policy. Because the Soviet Union was able to retain greater freedom of action below the nuclear threshold during the seventies by supporting liberation movements while not encountering any difficulties at home the United States feel particularly challenged to bring their technological advantage to bear in order to keep the mantle of world leadership from slipping off the shoulders of the American President, as the then secretary of defense James Schlesinger said in 1974.

This development leads to the following practical consequences for the relationship between the two superpowers:

1. There is an unblocking of military resources. The reduction in non-military foreign aid ordered by the Reagan administration and the simultaneous rise in military spending as well as the increased arms exports by both superpowers point to a growing militarization of foreign policy. Military interventions are becoming an integral part of the foreign policy scenario.

2. The parity principle represents an obstacle to this type of policy. Since superiority of course enhances the chances of winning, advocating parity is but an alibi. Henceforth, the quest for superiority will no longer be restrained by the argument of senseless overkill because the new nuclear strategy includes plans for an almost unlimited number of targets. Furthermore, this militarization process of the strategic nuclear arsenals has been aided by the steadily growing number of warheads. The SALT II treaty allows for some 14,000 Soviet and 17,000 American warheads until 1985 which need after all to be targeted.

The quest for military superiority destroys the basis for that aspect of arms control policy which, like SALT, is inextricably tied to the parity formula. Under the circumstances, hopes for real success in arms control within the framework of SALT III can no longer be substantiated. How difficult it was to adhere to the parity principle even under the existing deterrent scheme was made evident by the American uneasiness once the Soviet Union actually approached and in some respects attained parity as laid down in SALT.

3. The arms race is speeded up as a consequence of these changes. Any hope that the fiscal point of no return is unfounded particularly for this extremely dangerous sector of strategic weapons, since they make up only 10 to 15 percent of the military budgets. But since almost all military spheres are included in the modernization and expansion process, the two superpowers will be spending less on relieving the problems of the Third World. This also applies to the energy sector. In view of the growing economic problems both in the United States and the Soviet Union, social programs are already taking a back seat to armaments. As a consequence, there is a great danger that the political elites will project the increasing internal difficulties onto an "enemy" outside whereby rearmament would create its own social conditions for further expansion.

From the standpoint of peace research, it is a dubious business to speak of a growing danger of war because it can be a self-fulfilling prophecy and because the war itself could serve entirely different political and economic interests. But it would be unpardonable to minimize an existing danger of war and thereby to forfeit the opportunity to avert it.

In any event, we can assume that the two superpowers are on the verge of renouncing the community of risks to which they adhered in the sixties and seventies. Over the past few years, there have more and more signs pointing to an end of the mutual rationalisation conducive to peace based on the anomaly of weapons technology and to a tendency on the part of the two superpowers to revert to the normal state of power rivalry and ideological confrontation. Throughout history, the question of who won a given war --in this case World War II-- was almost always decided in a new war. The normal state of affairs is marked by a claim on both sides to political superiority which includes military superiority. Why should the United States accept parity between a Communist dictatorship and their own system which they consider economically, technologically and politically superior? And why should the Soviet leadership, fully convinced that it represents a superior political order, cooperate on the basis of parity with a capitalist system doomed to ruin? Lasting cooperation would be impossible even if one side were to abandon its efforts to make good on its claims to superiority.

The underlying pattern of the U.S.-Soviet conflict must be studied all the more closely in order to differentiate between basic trends and business considerations. Anyone who thinks that the new U.S. government will continue arms control efforts after the initial settling-in period shuts his eyes to the profound changes that have taken place. The policies pursued by individual political figures can merely serve to retard or accelerate the process. They can neither create, nor reverse the trend.

The political relationship between the Soviet Union and the United States is determined by their military arsenals or rather by the operational plans for the use of strategic nuclear weapons. There is a connection between the NATO doctrine of massive retaliation and the so-called cold war. Similarly, detente is a product of assured second strike capability and a factor of "flexible response." As for today, a distinct parallel is emerging between the quest for military superiority and the worsening of international relations; and there is no way of telling how the growing danger of war might be averted and how the atmosphere of cooperation between the two superpowers might once again be lastingly strengthened.

This conflict involving the risk of war is a matter for the two superpowers. For the "rest of the world" --150 countries containing 80 percent of the world's population-- the question is what position to take in this superpower rivalry. Arising from their

confrontation, the United States and the Soviet Union have identical interests vis-a-vis these other countries which can be subsumed under the following three headings:

On the one hand, they are conducting a policy of global bipolarization which does not allow a separate right to existence to third countries. They thus fall victim once again to the pathological friend-and-foe model. On the other hand, the superpowers are trying to turn the military alliances into blocs once again in which they can discard detente as an element of security policy and can once more assume their hegemonial positions with authority. The superpowers' third common interest is focused on shifting the risks of a (nuclear) war to one region of conflict or another, such as Europe or the Persian Gulf.

Not only the new American medium-range missiles for Western Europe, but also, among others, the Soviet SS-20's targeted on Western Europe are instruments serving to regionalize the danger of war.

They affect German and European security in two ways: on the one hand, the danger of war per se is heightened thereby and on the other hand, the danger of nuclear war is Europeanized. This dual danger affects a European region with a spectacularly special military position.

Nowhere else in the world is military density --both conventional and nuclear-- as high as it is here. Nowhere else are so many troops of the respective hegemonial powers stationed on foreign soil as in the FRG and the GDR, facing each other directly. Only in Europe are tactical nuclear weapons, some 10,000 of them, part and parcel of the military establishment. In no other region is the danger of a worldwide expansion of a military conflict as great as it is here because the advantages gained from alliances designed to deter war turn into an automatic process for expanding war once deterrence fails. And finally, the military structures in Europe are marked by a high degree of instability in crisis situations. And nowhere else in the world is there a neuralgic point like Berlin and its routes of access.

These military dangers added to the vulnerability of Western Europe with regard to foreign trade present an extremely precarious security picture. For the FRG, the dangers are particularly marked because it is the largest military base of the United States outside the American continent. If, for example, the United States make a military commitment in the Persian Gulf area, the FRG immediately becomes involved. The United States are presently trying to increase this involvement through a de facto expansion of the NATO area, as for example by transferring the command of the new American Rapid Deployment Force to the commander-in-chief of U.S. troops in Europe who doubles as supreme commander of NATO Europe. The militarily ex-

posed and precarious situation of the FRG, of Western Europe and indeed of all of Europe is the key to any German security policy that can satisfy its own interests in the face of new international developments.

And what do the political parties and what does science say to this new situation? "An unequivocal yes to the defense alliance and to the security policies of the United States and NATO" is one of those statements any one of the political parties can be expected to make. A de facto all-party government decides the foreign and security policy of the FRG. Of course there are emergency situations in which controversy and debate fundamental to decisions democratically arrived at must be set aside but that does not make Bonn's monotonous security policy an adequate answer to the new situation because it is neither the result of rational analysis, nor does it reflect public opinion. The security coalition of the parties represented in the Bundestag is a coalition that is speechless and devoid of alternatives.

The discussions conducted by the German political parties or at least most of its members usually convey the impression: "I no longer recognize any political parties. I only recognize Americans from here on in." Theo Sommer was right when he recently wrote in DIE ZEIT that the Bonn defense establishment gives a good indication of "how far we have come in trivializing politics. No wonder the chancellor has a difficult time of it in Washington."

So far, science has not taken up this provocation. On the contrary: Professor emeritus Richard Loewenthal, the Berlin political scientist, is demanding "the reestablishment of the balance of medium-range nuclear weapons for the protection of Europe and the rapid improvement of our worldwide conventional mobility for the defense of Third World danger zones," as if there had ever been a balance of these weapons and as if there were no such thing as a constitution. Otherwise, political science --as for instance the Trier political scientist Werner Link-- says that we should seek to "prevent by political acumen that the resolution of conflicts achieved in the seventies be scrapped and the quasi-order of the detente phase be undone."

Last but not least, this split between perplexity and detente nostalgia is abetted by uncertainties concerning arms control policy. But SALT and other arms control efforts offer no way out of the crisis because the suppositions on which these initiatives were based have been outstripped by the previously mentioned developments in weapons technology which have favored or, at any rate, not hindered the tendency to think in terms of war. Although this negative assessment of arms control policy is by and large accurate, it is nonetheless burdened by the applause of those who always were wary of arms limitation. Nothing characterizes the dilemma of Western security policy more aptly than the fact that the two-point NATO resolution

on modernization is being supported by an odd coalition composed of modernizers and arms control advocates. Only the former will get anything for their money. They can profit from the offer for SALT III negotiations to the Soviet Union because in several West European countries the call for more nuclear armaments must be coupled with the arms control alibi, if it is to succeed at all.

Even today, the NATO resolution is still being hailed as an ideal composite of security and disarmament policy. But such a desirable policy does not simply consist of squeezing two incompatibles into a parallel time frame and including them in a document. The Soviet medium-range potential cannot be made part of the arms control equation by setting up a comparable Western potential according to the parity principle because these Soviet weapons have been fulfilling a specific function for two decades, namely to match American nuclear weapons stationed in Europe and in Turkey which are capable of reaching Soviet territory and military targets. One is merely duplicating the Soviet situation, if one posits that the Soviet Union, as opposed to the United States, is confronted by a dual nuclear threat on a global strategic and a Eurostrategic level. If the attempt to station medium-range missiles in Cuba had succeeded, then structural nuclear parity between the two superpowers would have been possible.

If one wishes to get a grip on the Soviet SS-20's, one has to establish a causal relationship between these missiles on the one hand and the American forward nuclear weapons as well as the French and the British systems on the other. So far, this has come to naught because present NATO plans include nuclear first strike capability as an absolutely necessary option. This is not an argument against SALT III because rearmament in a climate of cooperation can still be preferable psychologically to rearmament without cooperation; but as an antidote to the arms race and the threat of war it is a mere straw and certainly no justification for qualitatively new modernization measures or even a way out of the danger of war.

If the FRG's foreign and security policy were as firmly locked into place as the bilateral U.S.-Soviet relationship, then it would make little sense to figure out just how much play there is in West German and West European policy. But in fact the FRG's objective freedom of action is far greater than its present stance would indicate. Above all, there is more room to be gained in terms of independence and individual responsibility, if the NATO military structures are changed. This can only succeed in a democratic process of discussion and decision, powered by the popular desire for peace and the will to survive, carried forward by the results of peace research and translated into peace policy.

Among the inputs into the already ongoing debate there is the critique of the concept of deterrence in the sense of annihilation deterrence where the very things that are to be protected are in fact annihilated in the so-called defense case. There is broad consensus about the fact that the defense capability of the FRG never was guaranteed by NATO, even if our own defense white papers maintain otherwise. This is due above all to the roughly 4,000 tactical nuclear weapons --the nuclear weapons for home use, so to speak-- which can be employed only in the FRG itself. Even a conventional war would cause intolerable damage. Home defense, that is to say warfare on one's own soil, always was a difficult business for which the Soviet Union paid with 20 million dead in World War II. Unless the nuclear weapons stationed on German soil are removed and unless the structure of conventional armaments is changed, there can be no rational defense policy. As a consequence, placing a limit on damage in a war is of vastly greater importance for the future because the conventional military establishment cannot do justice to the altered international political situation in terms of crisis stability, either.

There is a frequent tendency to overlook the question that is decisive for preventing war: how do military establishments behave in a crisis and can they still be controlled politically? Is crisis management left with enough room to deal with the conflict politically? Present structures and plans are full of pre-emptive options which can lead the opponent to take measures he would not opt for for political reasons. For example, if there were no defense units stationed near the border in Lower Saxony, but troops from Belgium or the United States would be brought up in two or four weeks, then even a capitalist regime in Moscow would be sorely tempted to take action at an earlier stage of a possible crisis. If the priority goal was to prevent war, then even lesser forces on hand would be more important than strong forces in the wrong place.

If a conventional military conflict broke out, the effect of replacing the political option with military operations would be even more pernicious because the land-based nuclear weapons systems in the FRG are very vulnerable and could only be protected from destruction by using them. This applies for example to the nuclear bombers of the air force which depend on long runways and even more to the newer medium-range systems because these weapons are capable of reaching the Soviet Union and since air defense cannot protect against them but they must be destroyed before they are launched. The limited mobility of the PershingII's and Cruise missiles does not alter the fact that they are in effect first strike weapons the installation of which in Europe would constitute "a clear aggressive provocation of the Soviet leadership," as Helmut Schmidt put it in 1965 when he still was a member of the opposition.

Chances for altering the conventional arsenal are not bad, since the Bonn arms programs so far could only be financed by going outside an overall political security concept.

On the other hand, there is no sign that the military bureaucracy is about to change its mind on nuclear weapons because tactical nuclear weapons are still considered a cost-effective substitute for conventional forces, as the neutron bomb debate shows. In this regard, public opinion in the FRG and in other West European countries will force a change because the fear of the Russians today is no longer greater than fear of the atom bomb.

By now, this fear which has turned into political protest is of some relevance to alliance policy since it is combined with a rational critique of Western security policy. In a democratic debate, the NATO concept of home defense by means of nuclear weapons cannot prevail for long. Where this democratization of defense policy will take us is hard to tell. The developing nuclear pacifism may be a first step toward a strong, general pacifism. Not unlikely, there is a broad sentiment in favor of the slogan: "Let us live without arms rather than die with these arms!" which would mean that the identity crisis of security policy has turned into an identity crisis of the political system. One thing is certain: if the point is reached where half of those subject to military service refuse to serve --presently the figure already stands at one quarter-- then it will be too late to change military security policy.

The reform of German security policy must commence with a review of what constitutes a threat. The fact is that the accepted definitions are pathological in two ways. On the one hand, NATO is fixated on the lesser likelihood of war, that of a Soviet invasion of Western Europe. As the development of the Polish crisis during the recent NATO council meeting demonstrated, a calculated Soviet attack is far less likely than the danger of a military conflict arising from miscalculations, overreactions, incidents or from some other crisis area setting off the spark. A war in Europe breaking out without or even against the will of the politicians of both sides is a real danger which given present-day nuclear stockpiles and pre-emptive options is being minimized whenever comparisons to the outbreak of World War I are made. NATO is not prepared to meet a real threat of war because there is no effective crisis management apparatus; in fact, it abets this threat by concentrating on a secondary cause of war.

On the other hand, the Soviet threat to the FRG is a by no means total but at least partial function of a cycle of self-threatening factors. The American nuclear weapons stationed in the FRG which pose a threat to the Soviet Union are countered by nuclear weapons targeted on the FRG. To meet this Soviet threat, additional American nuclear weapons are needed which in turn are regarded as a threat by the Soviet Union-- and so on. In this manner, the FRG along with those West European countries which also permit the stationing of foreign nuclear weapons on their soil become the victim of the Soviet-American nuclear rivalry. These countries of Western Europe thereby lose the opportunity of conducting a security policy based on their national and on European interests because they are unable to satisfy their own security requirements as long as they are under the U.S. "atomic umbrella."

In this context, modernization assumes great significance for foreign policy in that it casts the dependence of important West European countries on the United States in concrete. Even a partial refusal to go along could open up an unique historical opportunity to replace qualitatively new nuclear weaponry with a qualitative move toward West European emancipation from the United States. The FRG has a key role in this regard.

Despite significant security political differences with the FRG, France's example proves that emancipation from the United States is quite compatible with good relations to that superpower. In effect, extremely one-sided security political dependence of one country on another cannot possibly make for good mutual relations; there can only be a greater or lesser accommodation to the dominant power involving an abrogation of legitimate interests by the client state. If the FRG should gradually disengage itself in security political matters from the United States, a major obstacle along the way toward West European identity in foreign and security policy would be removed. France's example also shows that it is easier to obtain popular consensus for an independent defense policy than for military spending that smacks of paying tribute to a protecting power.

Partial disengagement by the FRG from the United States is not only a question of national and West European interests but even more an important component of a strategy designed to relativize the belligerent conflict between the Soviet Union and the United States. Just as the Third World countries, mainly those of South America and possibly China are increasing their distance from the two superpowers, the partners of the two alliances should also work against the tendency toward global bipolarization and the restoration of military blocs by following a course advocating diversity of the world political order. The West European governments might for instance give thought to the question of whether they are not in the long run hampering the development of the Polish experiment by pursuing an Atlantic policy of confrontation toward the Soviet Union because a closing of the ranks in the West provokes a closing of the ranks in the East.

In general, West European independence is not viewed as being desirable but as being realizable. The commonly held skepticism concerning a European policy is related to a lack of understanding of the central importance of military structures for Atlantic relations and a lack of imagination as regards the ways in which these military structures might be changed. In a sense, this is a question relating to the capacity of the political leaders to differentiate between their own and American interests and to redefine common interests in the face of changes in the international situation. Most of all, however, these European options are being underestimated by their being measured with the superpower yardstick of bipolar deterrence.

The demand for multipolarity in world affairs would be without value for peace policy, if it were simply a matter of letting more politicians participate in the political process which is still being directed against the welfare of the world population today. A unified West European front that spoke with many voices in foreign policy but was unable to participate in joint military action outside Europe would be a new factor in international relations. Such a West European entity makes an interesting partner for the Third World, especially for the Arab world, that could resist the temptation to try and solve non-military crises by military means and that would commit its economic strength in the interests of peace. This would also help establish a military buffer zone in Europe.

Considerations such as these do not lead to a "let us get out of NATO" mentality. Western Europe must reconstitute itself militarily perhaps by activating and expanding the West European Union. And this can be done under the umbrella of the North Atlantic treaty. NATO is an extremely flexible structure; but that very flexibility is not being put to use. Real anti-NATO policies run along different lines: The new American medium-range systems give rise to a strange community of interests between those West European countries on whose soil the weapons are to be stationed and the East European countries against whom they would be targeted. Under the conditions of nuclear deterrence, countries that station missiles face just as much danger as countries on whom they are targeted. It is therefore not surprising that the Soviet Union, fully supported by its allies, as well as ever increasing segments of the West European population are employing similar arguments to try and prevent the NATO modernization program from being carried out. If the United States' objective is to Europeanize the risk of nuclear war, then they are succeeding in creating all-European dismay because it is clear that these risks cannot be limited to Western Europe.

Official security policy is countering these facts nowadays by blasting away at the argument that it is no longer a question of modernization but one involving the continued existence of the government and of NATO itself. But coalitions and alliances are not ends in themselves; they have a reason for being, if they serve a useful purpose. In the case of NATO, the question is whether it can safeguard the peace and freedom of the FRG. The FRG government's attitude toward modernization is an example of the type of policy that rates power factors and structures higher than contents and values.

9478

CSO: 3103

IMPLICATIONS OF PROPOSED UK NATO BASE DISCUSSED

LD181315 London THE DAILY TELEGRAPH in English 18 Mar 81 p 6

[Report by Paul Potts: "Soviet Admiral's Eye on Stornoway Public Inquiry"]

[Text] No one will be studying the progress of the Stornoway public inquiry into plans to develop a L40 million NATO base with greater interest than Admiral Vladimir Chernavin.

Sitting in his headquarters at Severodvinsk, on the Kola Peninsula, east of Norway, he is fully aware of the strategic importance of the proposed forward operating base on the island of Lewis, even if the islanders themselves are prevented from discussing it at the inquiry.

As commander of Russia's Northern Fleet he knows that the outcome will greatly affect his chances of success in any conflict with the West.

At his command is Russia's largest fleet which contains sophisticated warships and submarines designed to strangle Europe's lifeline to North America in the event of war.

Supported by at least 50 supersonic "Backfire" bombers his task will be to push his forces into the North Atlantic through the gap between Iceland and the British Isles. If he can succeed then the NATO forces will stand little chance of repulsing the Russian armies in central Europe.

His submarines will be in the gap within four days, his surface ships within two, while his supersonic planes can be attacking Britain and the shipping lanes in a matter of hours.

The defence of NATO's "back door" is why the RAF wants to upgrade the airfield at Stornoway, which it already owns, for use only in such an emergency and for the occasional defence exercise.

In a theatre of war, where every minute will count, RAF Tornados flying from Stornoway will be able to save at least 20 minutes' flying time in intercepting enemy aircraft such as the 2,000-mile-an-hour "Backfire."

They will also be able to engage Adml Chernavin's navy as it tries to intercept and halt the trans-Atlantic flow of American supplies.

Among the arguments in support of the development, which will not be heard during the two weeks of inquiry, will be statistics pointing to the steady build-up of Soviet forces threatening the North-West gap.

According to military intelligence an average of three Soviet submarines are detected each week in transit through the gap. Overhead 250 Soviet aircraft were intercepted in 1980 by the RAF compared with 200 the year before. The 25 per cent increase in activity is expected to continue during this year.

Even if the government gives the go-ahead, the base will not be operational until 1985 by which time Russia will have doubled the number of "Backfire" bombers in service.

CSO: 3120

ARMENIAN TERROR TIED TO GREEKS, GREEK CYPRIOTS

Istanbul HURRIYET in Turkish 9 Mar 81 p 13

[Text] Ankara (HURRIYET) -- Turkish experts have conducted on-site investigations of the recent coldblooded slaying in Paris of Turkish Labor Attache Resat Morali and religious official Tecelli Ari and have also pulled out the files on the killing of our Paris Ambassador Ismail Erez and our Vienna Ambassador Danis Tunaligil for further evaluation.

The Turkish experts investigating the crimes, it was learned, reached the conclusion: "The way in which the crimes were committed and the gunmens' dropping from view show that the perpetrators were professional, hired killers." It was found that the Turkish experts who investigated the Erez and Tunaligil slayings had also come up with the same view in their reports.

It was learned that following the slaying of our Labor Attache Resat Morali and religious official Tecelli Ari, Turkish experts again pulled out the files containing comments by Swiss police and the statement to Swiss police by the Lebanese Armenian merchant Antranik Tulumbajian, who had contributed money to the "Armenian Judgment and Vengeance Organization" which was responsible for the killings of Turkish foreign representatives. According to the information obtained, Tulumbajian said that he contributed money to the "Armenian Judgment and Vengeance Organization" which killed "Erez and Tunaligil" and that wealthy Greeks and Greek Cypriots were supporting the Armenians' anti-Turkish activities.

Significant information was obtained by Turkish experts who worked jointly with German intelligence organizations in investigating in France and Germany the incident in which our tourism counselor was killed in Paris last year, it was learned.

According to this information, the "Armenian Judgment and Vengeance Organization," located in central Lebanon, is the parent group of the Armenian organizations known by a variety of names. "Armenian Judgment and Vengeance Organization" agents reportedly maintain relations with the Greek Cypriot EOKA-B and the Greek Cypriot Liberation Organization in Salonika. It was learned also that wealthy Greeks finance the Greek Cypriot Liberation Organization in Salonika, which is consistent with the statement to Swiss police by the Armenian merchant Tulumbajian.

Some of the Turkish experts' findings in their investigations in European nations of the slayings of Turkish diplomats are:

"The Armenian Judgment and Vengeance Organization hires professional killers with money obtained from wealthy Armenians in the United States and Europe, Greeks and Greek Cypriots. The group thus financed frequently changes its name, giving the impression that there are many Armenian organizations engaged in warfare against the Turks, but French, German, Swiss and Belgian police believe that they are dealing with a single organization.

"In addition to obtaining funds for the crimes from wealthy Armenians in America and Europe, the professional killers also get assistance from wealthy Greeks and Greek Cypriots. Also, despite the lack of firm evidence, there are indications that certain foreign secret organizations help the Armenian assassins in various ways. The Armenians' ability to organize demonstrations and their use for their own interests and purposes of various press organs and their widespread use of brochures, books, advertisements and posters are considered indications that their sources are not just donations by the wealthy but also include material and economic assistance from certain countries."

8349

CSO: 4907

NICOSIA-AGROS ROAD CONDITIONS DETERIORATE

Nicosia TA NEA in Greek 1 Mar 81 p 8

[Article by Stelios Pitharas]

[Text] The present lack of a road network connecting Nicosia with Agros and Karvouna by way of Palaikhuri is being characterized as a brake on progress in the community of Agros and in the entire surrounding area.

The gravity of this whole issue, as well as all the other problems which the Agros community faces, was related to us by Solon Papakhrystodoulou of the Association of Agros Gymnasium Graduates and by Stelios Khatzipetris of the Agros Development Association.

They stated to us that the construction of a good road network is of paramount importance for the survival of this region. The development programs of the Agros community are numerous and are based on sound foundations. But without the road network, they cannot be materialized.

Despite the repeated contacts which members of the local authorities in this area have had with each successive minister of communications and works, and despite the promises given on their part, the Nicosia-Palaikhuri-Agros-Karvouna road remains unfinished.

According to our interlocutors, given these facts and seeing that the patience of this area's residents has been exhausted and has begun to change to indignation, it was decided to form a struggle committee for hastening the construction of the Nicosia-Palaikhuri-Agros-Karvouna and the Agros-Limassol roads.

Thus, at a regional meeting in Palaikhuri which took place on 22 November 1980, a seven-member committee was formed for getting quick action on the construction of the above-mentioned road network. Papakhrystodoulou and Khatzipetris are members of this committee as well.

In its letter to the minister of communications and works dated 5 December 1980, the committee noted once again the inexcusable and utter indifference of the government to this problem, despite its repeated promises and statements that this problem would be given priority.

The same letter also referred very bitterly to the government's policy of not spending all of the appropriation included in each year's budget for the Nicosia-Agros road--with the culmination, it says, being the 1980 budget, in connection with which not even a foot of new road has been built.

The urgency of this road's construction, according to the members of the committee, does not lie simply in the fact that it is the most important element in the orderly development of this area, but also in the fact that this road has become very dangerous to vehicle traffic.

There was an incident recently where 40 people--passengers on a bus headed from Palaikhoi to Nicosia--were in danger of losing their lives because the asphalt was torn up, with the result that the outside of the road gave way and the bus was left suspended over a hole. It was necessary for the bus to be taken in tow to bring it back on the road.

Last Wednesday a truck closed the road, which is very narrow, when it became immobilized because of a breakdown, which resulted in the holding up of dozens of other trucks, which had to wait for hours and hours until the damage was repaired.

Moreover, following the recent rains and snowfalls the Nicosia-Palaikhoi-Agros road beyond the 22nd milestone has been almost impassable and extremely dangerous to traffic and generally to the safety of commuters and other visitors to the area.

Thus it becomes clear that the expediting of construction on the Nicosia-Palaikhoi-Agros-Karvouna and the Agros-Limassol roads is of vital importance for the survival and development of the area. It is the foundation, it is the sine qua non, as our interlocutors stated to us characteristically, for the future plans of all the communities in this area.

The Other Problems of the Agros Community

Aside from the road network--which is regarded as the most important, necessary, and urgent project for the development of the entire area, the Agros community also faces other problems which need to be studied and resolved.

As they were related to us, these problems are:

Hospital: As is known, the Agros Hospital was established by the community in 1932 through subscriptions, or annual contributions, by the residents and by the farmers of the surrounding area, and through the staging of various events (dances, fund-raising drives, and so forth).

Now, the hospital needs central heating, without which it is questionable whether it can continue to operate in the winter months. With the portable gas heaters now used, we were told, it is not able to serve the personnel and the patients.

The community has contributed a considerable amount to the hospital, more than 13,000 Cyprus pounds, and the government must encourage and assist such initiatives by means of the requisite understanding and response to the needs of the community.

Another problem associated with the hospital is that of the doctor. The sole doctor at the hospital makes tours around the region three times a week, as far as Trimiklini, so the hospital is left without a doctor and the patients do not get examined. The doctor, who is on his feet day and night, is harassed to a great degree, and it is necessary to appoint a second doctor, as was the case previously, or else to eliminate the tours.

Technical school. The establishment of a technical school is regarded by the community as a development project for the whole area, because quite a few graduates of such a school would open up small businesses in their communities and would thus stay in this area. Also there will be savings, because as things are today students come to the gymnasium in Agros from every surrounding community and others go to the cities for a technical education, and the automobiles are only half full in both cases.

For the establishment of a technical school the community has already contributed a sum of 20,000 pounds from the Apeitos grant. It is now up to the government to take the next step.

Building of a park. The Improvement Council has decided to construct a park, which will include a meeting hall, a swimming pool, a kindergarten, and so forth. The community will have help from the farmers of the surrounding area for this construction.

The plans have been drawn up by the Town-planning and Housing Department, and an application has been submitted for the expropriation of the requisite area. This project will contribute to the cultural growth and development of tourism in Agros and the surrounding area. The community is asking for moral and material support for this project.

Community development. In the community every possible effort is being made for its development. To this end, a Development Association has been established, its program being the development of tourism, industry, and agriculture and stockbreeding here. This development is now fully under way, but if it does not get the support of the government--which the association and the community are entitled to--this project is rendered difficult and even unrealizable.

Other problems which the community faces and which ought to be given the requisite study and resolution as soon as possible, with support from the government, are the building of roads outside the community, the community's water supply and irrigation, the repairing of the Agros Dam, which no longer holds back the water, the sewer system, the repairing of houses so that they can be rented, and the construction of roads connecting the community with Agios Theodoros, Sykopetra, and Kato Mylos.

There are many problems, but very few efforts have been made on the part of the government to understand and solve them. If the government wants to stop the drift to the cities and have the residents remain in the countryside, it needs to enact tax incentives as soon as possible and to furnish every kind of facility--such as low-interest loans, tax exemptions, and so forth--for the establishment of industries in the rural areas, as is happening in other countries, and to expedite the completion of the road network, since these roads are the "arteries" without whose orderly functioning everything will come to a standstill.

BUNDESBANK REPORT DEFENDS ITS MONETARY POLICY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 21 Mar 81 p 15

[Text] Criticism of Bundesbank policies has been growing of late. Economists, research institutes, trade unionists, the SPD have all called upon the bank of issue to give priority to domestic economic aspects with regard to interest and monetary policy and to abandon high interest rates. The Bundesbank's monthly report now to hand is the first extensively to deal with this challenge. It gives the reasons for Bundesbank policies. Below we are reproducing this section with only some minor cuts, because we believe that the bank of issue has explained the many and complex links which tend to be disregarded by its critics, and has done so in a manner intelligible for everybody.

In the course of the past 2 years substantial and even now increasing deficits in the current account have confronted the FRG's economy with a situation which has not had its like for nearly 30 years. In some respects this calls in question earlier economic nostrums. The broad public discussion clearly outlines the struggle for a correct way out of this situation. Several options are presented. They range from the call to disregard foreign trade problems and consider only domestic economic needs to the recommendation deliberately to accept the devaluation of the D-mark or use up further foreign exchange reserves. In this context such necessities are often underestimated or overlooked as arise from the balance of payments deficit, especially the need to finance that deficit and the fact that this financing is bound to involve developments on the foreign exchange market and the domestic level of interest rates.

In spring 1979 the FRG's current account went into deficit. As a result of the second wave of oil price rises (then beginning), far more had to be spent on imports than had been the case before. In the second quarter of 1979 the seasonally adjusted deficit in the current account amounted to nearly DM3 billion or, converted to an annual basis, to just about DM12 billion; by the fourth quarter of 1980 it had grown to DM8 billion, or DM32 billion for the year. In January 1981 the deficit was exceptionally large; this was the result of some temporary factors, but even without these the deficit would have exceeded that of the previous months.

These reports have often mentioned that the current account deficit and its growth were largely determined by the rise in the price of oil and other imported energy

sources. However, other factors weigh nearly as heavily. The deficit in the 1980 services account, for example, was DM6 billion more than in 1978, the year before the second oil price wave, and the deficit in the 1980 balance of transfers (payments to international organizations, foreign workers pay transfers and others) exceeded the value of 2 years ago by some DM6.5 billion. A more detailed analysis also shows that the FRG's foreign trade balance was much affected by the advance of finished goods imports.

The present amount of the FRG's current account deficit means that about 2 percent of the goods and services sold at home do not originate with our own national product and cannot be paid from current export earnings; in other words the FRG's net asset position vis-a-vis other countries has worsened to that extent. Initially this was reflected in the running down of assets held abroad, especially foreign exchange reserves. Lately borrowing abroad has also increased, although so far it is barely more extensive than the FRG's simultaneous capital exports.

Competing With Stability Efforts of Other Countries

In addition to the reduction of foreign exchange reserves at the Bundesbank the imbalance in the FRG's balance of payments (including also capital movements) contributed to the devaluation of the D-mark. Vis-a-vis the U.S. dollar the D-mark lost 13 percent from the end of 1980 to mid-February last--that is just before the latest monetary measures adopted by the Bundesbank--and 23 percent since the end of 1979. The value of the D-mark also declined considerably in these two periods of comparison vis-a-vis the English pound (7.6 percent and 24 percent respectively) and the Japanese yen (10 percent and 33 percent respectively), while its status within the European Monetary System was obviously unable to change very much. The D-mark devaluation promptly resulted in higher import prices, and these will sooner or later affect prices of finished goods and services sold on the domestic market.

Nor did the D-mark's tendency to devaluation remain without effects on capital transactions with other countries. Admittedly it seems that foreign D-mark holders do not expect devaluation to be permanent, but the earlier expectation of revaluation has certainly diminished. The consequences of this changed appraisal for the level of domestic interest rates were unmistakable. German interest rates have kept pace with the rise in the international level since last summer, though the Bundesbank held German money market rates virtually unchanged until mid-February last. Still, though fluctuating somewhat, long-term interest rates in the FRG moved substantially below the level of interest rates in most larger industrial countries during 1980. Short-term interest rates shared in the worldwide rise of interest rates to only a small extent. As a result the discrepancy, especially as regards money market interest rates, sometimes widened to an unprecedented range. In December 1980, for example, Frankfurt interest rates for 3-months money were 10 percent lower than for Eurodollars.

A rise in interest rates is the natural reaction of financial markets in a country with a large current account deficit and the need to finance this deficit by net capital imports. It will depend largely on the assessment of the future development of the domestic currency whether the national level of interest rates will have to catch up with that of other countries, may remain below or need to exceed it. In

the past the FRG held the trump card because it enjoyed a lower rate of inflation than most other countries. It still maintains a definite advance as regards stability, so that capital investments in D-mark may be attractive to foreigners even though nominal interest rates of D-mark values may be lower than in countries with relatively higher rates of inflation. However, this stability bonus, reflected in longer-term exchange rate expectations by foreign investors as a kind of "D-mark premium," must be "earned" all the time, and that in competition with the growing efforts of other countries to achieve stability also. The less this confidence in the D-mark appears justified, the more the level of interest rates in the FRG is bound to be forced to adapt to interest terms on the international credit markets. A "devaluation strategy" could therefore not have avoided a rise in interest rates. Indeed, in the long run it would have tended to reinforce such a rise.

Import Prices and Labor Costs More Effective Than Interest Rates

In the FRG the discussion about economics is ruled mainly by the domestic situation which causes an overwhelming majority to consider a lower rate of interest to be desirable. The data so far available do not allow us to say with any certainty whether the economic situation has worsened or improved since the beginning of 1981. Reports on the labor market, especially the extent of unemployment, are certainly unsatisfactory. On the other hand the receipt of orders by industry (seasonally adjusted) rose quite substantially in January. Receipts of orders from abroad, especially, have risen, thereby accenting a movement already discernible in the fourth quarter of 1980. In addition it must be noted that orders received by the construction industry have tended to improve somewhat in the last months of 1980. However, such short-term improvements in statistical data do not permit far reaching conclusions. While it is difficult from the positive and negative impulses to arrive at a definite assessment of the current economic situation, it is more than likely that employment and output have again declined. It is therefore quite understandable that business wishes for an easing of the burden by the provision of lower interest rates. Still, interest payments represent only one of several factors deciding enterprise investment and profits. The profit situation certainly depends much more on the trend of labor costs and import prices than on the trend of interest rates. In this context a dual aspect of wage policy emerges. For one restraint in wage raises would improve profits, for the other standard wage contracts considered restrained positively affect the appraisal of the future D-mark exchange rate, because a strengthening of the German economy's competitiveness is expected to follow.

A relatively high level of interest rates will trigger trends toward its correction in the private sector, because it will damp down the demand for loans in industries dependent on interest rates and raise the offer of capital by private investors. However, no such self-correction is to be expected in the public sector of our economy. In fact, due to the weakness of the economy, the deficits in that sector are larger than planned, and this serves per se to raise interest rates, especially if it is impossible to obtain additional credits abroad for financing these deficits. The central public agencies endeavor to increase borrowing abroad but can do so successfully only if the interest offered is sufficiently attractive to potential foreign lenders. We thus see that here also there is a link with the general foreign trade problems of the Federal Republic. In other words it would not be feasible to deal with economic problems at home as if there were no foreign trade compulsions. If economic measures were to disregard the fact that the FRG is in

imbalance with respect to foreign trade and possibly contribute to a further rise in the current account deficit due to an increase in domestic demand or to an even wider discrepancy in interest rates by comparison to other countries, this would most likely achieve the opposite of the desired outcome.

The involvement in the foreign trade context, described for government budget policy and wage policy, applies even more to monetary policy. The public discussion and, especially, contributions by economists currently tend to insist that the Bundesbank should conduct a money supply policy oriented exclusively or at least primarily to the output potential, leaving the settlement of foreign trade problems to the free play of exchange rates. This proposition assumes that domestic interest rates would drop as the result of such a policy. This strategy is expected to result in the equalization of the balance of payments because devaluation of the D-mark would initiate an adjustment which, in the longer term, would lead to another D-mark revaluation.

The Risks of a Downward Spiral

There is certainly no difference of opinion regarding the need for the Bundesbank to achieve such growth of the money supply as is appropriate to the output potential. The Bundesbank's money supply targets for 1980 and earlier years as well as for 1981 correspond to this basic conception. In 1979 and 1980 the bank was able to keep the expansion of the money supply within its own target range--an increase by 6-9 percent and 5-8 percent respectively. In the first 2 months of 1981 also the central bank money supply stayed in the middle of the target range which provides for a 4-7 percent increase this year. Insofar the Bundesbank policy certainly responds to the conceptions of a potential-oriented monetary policy. Actually it is liable to be criticized only if the money supply targets are considered wrong, or if it is held that the range is either too wide or not adequately utilized from the aspect of foreign or domestic trade problems. The explanations of the money supply targets for 1980 and 1981 spell out in great detail how these targets were arrived at, and why the Bundesbank intends within the selected range to take into account foreign trade data (and other factors also). Objections to this rather pragmatic procedure will always be raised from the aspect of "pure" theory. However, in the circumstances the observance of the money supply targets decided upon is actually quite an ambitious project even within the ranges selected. That is clearly demonstrated by the considerable deviations from the targets fixed by other countries, where the aims of monetary policy are taken no less seriously than here.

In 1980 and early 1981 the Bundesbank largely compensated the "natural" consequences of the balance of payments deficits for the domestic money supply, which tend to reduce that supply. It did so by maintaining a steady course on the money market and purposefully expanding the money supply. By making central bank money available the Bundesbank not only equalized but considerably overcompensated the withdrawal of central bank money in the banking system caused by the foreign exchange outflow (nearly DM40 billion from early 1980 to the completion of this report). Central bank money in the amount of nearly DM45 billion flowed to the banking system in that period by way of several reductions in minimum reserves, several rises in rediscount quotas and various other operations on the money market. The provision of additional cash and the fulfillment of the minimum reserve requirement, involving the purposeful expansion of the central bank money supply,

occurred while Bundesbank interest rates remained largely unchanged. From September 1980 on there was even a slightly reduced rate for advances on securities.

In recent months, though, we were increasingly confronted with the question whether it would be possible to continue pursuing this control of liquidity involving compensation and also taking into account domestic data while keeping Bundesbank interest rates unchanged in spite of the fact that far higher interest rates are prevailing on the international money markets. It became obvious that the situation on the foreign exchange market was getting more serious, and that developments were occurring, which compelled far-reaching decisions. It was impossible to stabilize the D-mark exchange rate given the data constellation up to February, especially the growing discrepancy between FRG interest rates and those in other countries as well as the constantly rising deficit in the current account. In mid-February the dollar achieved the maximum level of DM2.25. This trend is unlikely to have been much affected by an even greater use of foreign exchange reserves.

The Bundesbank would have the option (recommended by many) of saving foreign exchange reserves and accepting the further devaluation of the D-mark. This recommendation was coupled with the expectation that the FRG's stability advance was such as quickly to put an end to the D-mark's downward slide and indeed reverse it. The probability percentage of such a thesis can, however, be tested only by a hazardous experiment. The risk is great that the devaluation trend may turn into a downward spiral if rising import prices were to give an upward impetus to the domestic price and cost level also. The FRG is particularly exposed to the danger of a "devaluation spiral" because, in the course of past years--involuntarily but irresistibly--the D-mark was drawn into assuming the role of a reserve and investment currency. Consequently foreigners now hold D-mark balances and other financial assets to D-marks, which must be described as rather large in relation to the economic and financial strength of the FRG (by comparison to the United States, for example). If foreign D-mark creditors were to lose even some of their confidence, we would have to assume additional capital outflows and another turn of the spiral in direction devaluation. Though the Bundesbank has never opposed some--inevitable--D-mark devaluation, it has also never adopted an attitude of benign neglect on the issue of exchange rates.

It has often been asserted that decisive here is the fact of the D-mark's linkage with other currencies in the European Monetary System. In fact the D-mark's position in this system was rather weak for some time, but this was largely the result of the level of German interest rates, definitely lower by comparison to other countries. It has been suggested that the FRG should temporarily leave the system. In case this suggestion were not to be adopted it was sometimes recommended that the D-mark be devalued within the system. Such a devaluation would have had highly contradictory results, because the FRG records the smallest price increases among the EEC countries, its public finances are not nearly so shaky as those of some of these countries. A D-mark devaluation could therefore not have been justified by the basic situation in the FRG, disregarding even the fact that, abroad, such a step would have been considered a relaxation of German stabilization efforts--thereby putting the D-mark at additional risk.

The advocates of a settlement of the balance of payment problem by way of an exchange rate adjustment alone are presumably aware of some of the hazards mentioned in connection with this conception. Obviously they give greater weight to the expected benefits, namely the ability to keep the level of domestic interest rates lower--for domestic economic reasons. Demonstrated here is a fundamental difference of opinions about the financing of the balance of payments without using foreign exchange reserves. When, due to the deficit in the current account, the FRG has a net need for foreign exchange, these moneys must be borrowed abroad, and that to an extent which, in addition to the current account deficit, also compensates the loss of foreign exchange arising from simultaneous (and until now rather large) capital exports. Domestic borrowers must offer rising interest rates in order to obtain more loans abroad, and they must also try to outbid foreign borrowers on the domestic credit market. The necessary reversal of large capital movements--from net capital exports to net capital imports--cannot proceed without a trend toward the adjustment to the higher foreign level of interest rates. This is delayed only because--due to the lower rate of inflation in the FRG--there is a longer term expectation of a future D-mark revaluation. The financing of the current account deficit by the market process, which has not occurred up to now, therefore cannot proceed solely by way of a declining exchange rate; it also needs rising interest rates. Since the beginning of 1981 both these events have accelerated: We had not only devaluation of the D-mark but also a rise in the level of interest rates on the domestic bond market, especially because long-term interest rates were again on the rise in the United States. Though money market rates did not climb in the FRG until mid-February, a rise was ultimately inevitable here also. The Bundesbank might possibly have escaped this eventuality by accepting a further decline in the exchange rate and offering the massive use of its foreign exchange reserves, but it could not have done so for long because another decline in the foreign exchange rate and a steady loss of foreign exchange reserves would have involved the D-mark in the danger of a crisis of confidence.

No High Level of Employment Without Defense Against Inflation

As successes were achieved in regard to strengthening confidence in the D-mark, we already see the first moves toward the downward correction of the sharply higher capital market interest rates. Admittedly, the continuing high level of FRG interest rates involves additional difficulties for the domestic economy. However, in present-day conditions there is no real alternative to the Bundesbank's monetary policy. According to its constitutional duty the bank's ultimate target must be that of maintaining price stability. The formulation of the money supply target and the steps taken to implement it represent an "intermediate target." Observance of the balance of payments and the D-mark exchange rate is also relevant in this context because, in our actual circumstances, it is not possible to defend the value of our money only at home while disregarding the special influences possibly exerted by the value abroad of the currency. Should we succeed, as in earlier times, to keep inflationary tendencies away from the Federal Republic, we will have provided the most important prerequisite for the longer-term healthy growth of the economy and a high level of employment.

DEVELOPMENT CREDITS TO TANZANIA, PERU, EGYPT GIVEN

LD020801 Helsinki HUFVUDSTADSBLADET in Swedish 27 Mar 81 p 7

[Unattributed report: "Tanzania Given Favorable Loan"]

[Text] The cabinet decided on Thursday [26 March] to grant development aid credits to Tanzania, Peru and Egypt. Tanzania will receive 25 million markkaa and Peru 22 million markkaa in credits, whereas Egypt was granted 40 million markkaa.

Tanzania is being granted a loan on particularly favorable terms since the country is suffering the most serious economic crisis in its history. The length of the loan is 50 years and the interest 0.75 percent. The loan is 80-percent tied to supplies from Finland. Current cooperation projects will be financed with the help of the credit. Earlier this year Tanzania received a development grant of 44 million markkaa.

The credit to Peru is intended to support the government's economic policy in the country. Peru was granted 22 million markkaa over 25 years. The interest is 0.75 percent. The Peruvian loan is also 80-percent tied to purchases from Finland.

The development credit for Egypt is also to be paid back within 25 years. The interest is 0.75 percent and is 80-percent tied to purchases to be made in Finland. The loan is to be used for development projects within agriculture and energy conservation.

CSO: 3109

DENIZCIER EXPRESSES POSITIONS TO ULUSU

Istanbul MILLIYET in Turkish 12 Mar 81 p 7

[Text] Ankara, Special -- TURK-IS [Turkish Confederation of Labor] General Chairman Ibrahim Denizcier, talking with Prime Minister Bulend Uluşu a day ago, requested from the prime minister that the Labor Assembly be convened, that unions outside Ankara operate also and that retiree differences be eliminated.

Details on Denizcier's meeting with Uluşu the day before were announced by TURK-IS yesterday. The announcement noted that Uluşu was positive toward Denizcier's requests and continued as follows:

"During this meeting, Ibrahim Denizcier made the following requests on behalf of TURK-IS from Prime Minister Bulend Uluşu:

"The committee should meet immediately to revise minimum wages.

"It would be well to call a meeting of the Labor Assembly. It is necessary that the procedure for convening this assembly in accordance with the Labor Ministry Organization Law be undertaken.

"Our confederation has a positive attitude toward the tax laws as to the general lines. Generally, the taxes within these drafts which draw distinctions between workers who have collective agreements and those who do not fail to conform to the principle of equality and justice. The necessary revisions need to be made in this regard.

"It is also necessary to submit with regret that social services assistance on the one hand and the indicator tables introduced for retirement pensions on the other are not sufficient to eliminate the unjust treatment of retired workers, even taking into account all the adjustments, and that a legal arrangement is in force which will leave them, those who work, in want of peace and tranquillity. We are obliged to point out that we consider it a serious need that the form which was made into law with the highest level of advice and consent by the National Security Council be reviewed and new revisions made in order to save the retired worker and the widows and children of workers from the hard existence they bear.

"Not permitting the measures which our state has taken to prevent tax losses and lighten labor's tax burden as well as its price actions to be in vain and preserving the balance of demand will be invaluable in restoring activity in the marketplace.

"Union activities within this past period since administration in our country changed hands presents a largely checkmated picture.

"General boards outside Ankara cannot meet, union seminars cannot be arranged and even representative activities cannot be carried out. The removal of this road-block would be useful in the elimination of the hardships confronted by the organizations affiliated with TURK-IS, which has been dedicated to the Ataturkist ideals, the Republic and the integrity of the Turkish state and indivisibility of the nation since it was founded.

"To date, even work on the principles concerning conclusion of contracts have been unable to be completed and contracts have been unable to be concluded. This situation is very troublesome for laborers who have no source of income other than their labor.

"Completion as soon as possible of the expert staffing of the Supreme Board of Arbitration and the conclusion of agreements depend primarily on the efforts to be made by the members coming from government channels and planning representatives.

"As to worker benefits, clarification of the matter by the high judiciary organs and preventing regression of the rights won will be possible only if the Supreme Board of Arbitration gives priority to a decision geared to fairness as regards worker benefits."

8349

CSO: 4907

MINIMUM WAGE, OLD AGE COMPENSATION CHANGES MADE

Istanbul CUMHURİYET in Turkish 9 Mar 81 pp 1,5

[Text] Ankara -- Changes in the Social Security Organization [SSK] Law introduce the method of "computing retirement pension on the basis of 60 percent of the average of the last 5 years" and raises the lowest retirement pension from 7,525 liras to 9,325 liras and the highest from 14,875 liras to 16,675 liras.

The law amending the SSK Law was published in yesterday's RESMI GAZETE. In the computation of SSK retirement pensions according to the determinants given, taking 60 percent, instead of 70 percent, of the average wage of 5 years, instead of averaging the 3 years in which the highest wages were received, will produce a big drop in the pensions of future retirees. Another change in the law allows a further increase of 1 percent of the 60 percent rate for each full year of age of the insured beyond age 50 for women and age 55 for men and for every 240 days of premiums paid in excess of 5,000 days. According to this, it will be possible for retirees to receive as much as 85 percent pension after exceeding the ceiling periods.

According to a temporary article placed in the amendment draft, the provision on averaging the last 5 years in the computation of retirement pensions will go into effect as of 1982, and, for those retiring up until this date, the 4 years in which the highest salary was received will be averaged.

Old Age Pension Conditions

A change in article 60 of the SSK law defines the conditions under which old age pensions apply as follows:

"Conditions are that the insured must be 50 if a woman, 55 if a man and must have paid disability, old age and death insurance premiums for at least 5,000 days; or must be 50 if a woman, 55 if a man and must have been insured for 15 years and must have paid disability, old age and death insurance premiums for at least 3,600 days; or though not yet 50 years of age for a woman, 55 years of age for man, must have been insured for 20 years if a woman, 25 years if a man, and must have paid disability, old age and death insurance premiums for at least 5,000 days."

Computation of Pensions

Changes in article 61 of the law introduce new regulations on computation of old age pensions also. The provisions summarized below are from article 7 which amends this article:

"The indicator coefficient set according to this law for the insured having earned the right to old age pension is multiplied by 60 percent, taking into account the following provisions, to arrive at the pension applicable.

"Old age pension:

"a) The 60 percent rate will be increased by 1 percent for each full year of age of the insured beyond age 50 for women, age 55 for men and for each 240 days beyond 5,000 days for which disability, old age and death insurance premiums have been paid,

"b) For each full year of age of the insured short of age 50 for women, age 55 for men and for each 240 days short of 5,000 days of disability, old age and death insurance premiums, 1 percent will be subtracted from the 60 percent rate. However, the pension rate applied may not exceed 85 percent in any case."

According to this, there will be a drop in pensions for those retiring henceforth as the last 5 years' salaries will be averaged instead of the highest 3 of the last 5 years, as it was in the old law, and the base will be 60 percent of this average instead of 70 percent, as it used to be.

There is, however, a provisional article in the law allowing a degree of rectification of this adverse situation for the insured, whereby the provision on averaging the last 5 years will go into effect as of 1982. For those retiring up until this date, the base for salary averaging will be the last 4 years.

Those receiving the lowest retirement pensions among prospective retirees will be those who have not paid premiums for more than 5,000 work days or who are not over 50 for women and 55 for men, even though they have paid ceiling premiums for the past 4 years.

As known, the ceiling salary on which the premium is based has changed as follows since 1 January 1976:

From 1 January 1976 to 30 June 1977, 6,000
From 1 July 1977 to 10 July 1978, 8,400
From 11 July 1978 to 28 February 1979, 9,660
From 1 March 1979 to 30 June 1979, 11,040
From 1 July 1979 to 29 February 1980, 12,000
From 1 March 1980 to 1 March 1981, 18,750.

Accordingly, the average monthly pay of those who have paid ceiling premiums but have not exceeded 5,000 days and the age limit is 10,984 liras. The indicator table equivalent of the number obtained by dividing this by the coefficient 25 is 441. The pension which would be computed according to this is 6,600 [rounded to hundreds] liras, reaching only 9,100 liras with the addition to this of the 2,500-lira social assistance increase.

Lowest, Highest

Article 96 of the law contains the regulation: "The lowest limit of the monthly salary comprising the base on which pensions of eligible persons are computed may not be less than 70 percent of the product of the lowest indicator on the indicator table and the coefficient." The highest SSK retirement pension comes out at 16,675 liras. The heating fuel advance under social assistance has been changed from 1,750 liras to 2,500 liras.

ISRAEL'S 'MA'ARIV' INTERVIEWS KREISKY ON MIDDLE EAST

TA241227 Tel Aviv MA'ARIV in Hebrew 24 Mar 81 p 20

[Interview with Austrian Chancellor Bruno Kreisky by correspondent Dr M. Oberbaum in Vienna; date not given. The MA'ARIV introduction states: "The interview was for quotation. The chancellor's replies were recorded. A copy was given to him for further study and Dr Kreisky made changes in it."]

[Text] [Question] Looking backward, after you have been dealing with the problems of the Middle East vigorously for 20 years, does it appear to you that you made a correct evaluation of the situations?

[Question] Looking backward, after you have been dealing with the problems of the Middle East vigorously for 20 years, does it appear to you that you made a correct evaluation of the situations?

[Answer] Even before all the European politicians did so, I came to the realization that the key to the problem of the Middle East lies in a solution to the Palestinian problem. This has no connection with my attitude toward the PLO; and, as is well known, my attitude to that organization is a positive one. I remember the days when Mrs Golda Me'ir used to claim, at the Socialist International, that she was shocked by my position and that there was no Palestinian nation at all. Today it is clear to everyone that a Palestinian nation does exist.

I can give other examples showing that I was not mistaken in my attitude on the problem of the Middle East, or, to be more precise, I was only minimally wrong. In terms of the Camp David agreement, I regarded its value from the first moment with great skepticism. It is true that it made peace between Egypt and Israel, but the global problem--peace with the Arabs--was not solved by that agreement because the basic problem, the Palestinian dispute, was not dealt with suitably in it. This also has ramifications concerning peace with Egypt: that peace will not be stable as long as the Palestinian problem is unsolved.

At a very early stage--about 30 years ago--to mark a visit by the then-foreign minister of Egypt, (Fawzi), to Vienna, I recognized the great economic importance of the Arab world. Today every child sees this. The evaluation of this fact has always been founded on my approach to the opinions of Karl Marx. According to that view, economic ties must be examined in order to understand historic processes. And from this it follows--as soon as it became evident that the

economies of Europe and the United States were dependent on the Middle East--that it was only a question of time before this area would rise to a status of supreme importance.

[Question] But my question also referred to errors in your assessments.

[Answer] Yes, errors. I was wrong, for example, when I thought that the European politicians would, nevertheless, realize this earlier. I was also wrong when I thought that Israel would recognize these facts more rapidly. I am shocked by the fact that the process of disillusionment in Israel is moving so very slowly.

[Question] But does it exist?

[Answer] Yes...possibly...I hope so. Look, Israel is one of the countries with the highest rates of inflation in the world. It is deep in debt. A country with such a narrow economic basis--only peace will rescue it from this economic situation.

[Question] If I am interpreting you correctly, peace, in your opinion, will only be achieved when the PLO joins in the peace process. To this day that organization has not shown any willingness to work for peace at all and it has still not canceled its goal of destroying Israel. Do you not think that the PLO must, first of all, change its goals, so that it can be a partner in the peace process?

[Answer] The PLO is an organization representing a broad spectrum of people and views. On the one hand, refugees; on the other, Palestinians who live in their country of origin. This fact makes it a very ambiguous political phenomenon. On the one hand, it is a very realistic movement; but, on the other, it is controlled by unrestrained elements who even have inclinations toward terrorism. I have never regarded 'Arafat as a moderate. I see him as a realist. This stream has recently been weakened because no signs of encouragement have come from Israel.

[Question] And what will happen inside the PLO if there is a "response" from Israel?

[Answer] On the assumption that tomorrow a government will be established in Israel which will say: Fine, let us make an unusual experiment and think how to negotiate with Palestinian representatives--that is, the PLO--about a solution to the conflict--and I emphasize, only an experiment--then we will see who is to blame for the continuing existence of the conflict.

[Question] And what would happen within the PLO?

[Answer] A polarization.

[Question] What do you mean?

[Answer] Then the camps within the PLO would split. In my view, the majority would support negotiations. As in Israel, there is also war fatigue among them. I think that if they do not negotiate, they will lose their role as representatives of the Palestinians.

[Question] What is your opinion about a solution to the problem of the Middle East and the Palestinians without the PLO?

[Answer] In my opinion, no such possibility exists.

[Question] And the Labor Party's Jordanian solution?

[Answer] (Firmly) No!

[Question] There are prevalent rumors that it is your view that under certain circumstances such a solution may be possible and that....

[Answer] ...These are false, unfounded rumors. There is no solution to the Palestinian problem without the PLO and the Middle East conflict will not be solved without dealing with the Palestinian problem. Any other way of thinking would be a terrible delusion.

[Question] Once you expressed your opinion about the Israeli prime minister, Begin; do you not think that you overstepped the borders of tact?

[Answer] I think that the statements you are recalling are, for the most part, imprecise. It is true that my opinion about Menahem Begin has never been very positive. Maybe I also said severe things about him, but I never meant to make a personal attack on him. I regard his comments about my parents as a very ugly reaction. I would like to recall that many politicians I have met have confirmed my views. Many who once believed that I was wrong concerning Begin, told me later: "You were right."

[Question] I believe that your remarks about Begin have brought you more enemies than friends.

[Answer] On the contrary. The evidence I have received in the form of letters sent to me were most convincing. In addition, the Israeli nation will soon be given the opportunity to express its view about Begin.

[Question] How do you judge the 3 years (as published) of Begin's government?

[Answer] I once even accepted the change of government in Israel positively. I believed that Begin was capable of doing certain things that others could not do. He may have been more generous to Egypt than any other Labor Party government could have been. We cannot detract from the historic importance of that success. In any event, it was easier for him. After all, Begin was not confronted with a Begin. What would have happened had the Labor Party been in power? But, at the same time, the Likud government has been shown to be hard-line and sometimes even cruel regarding the most important problem in the Middle East--the Palestinian problem.

[Question] Do you not think that you are discriminating against Israel? Are you not one-sided in this matter?

[Answer] On the contrary. I have many friends in Israel. Wherever I can help, I do so. But I reject the nonrecognition of the human rights of the Palestinian nation which characterizes the Israeli policy. This is most interesting...Israel is the only democracy in that part of the world in every sense except for the Palestinian matter. I never ceased to be amazed at the Israeli press. When I am given translations from our embassy in Tel Aviv--and I get very exact translations--I never cease to be amazed at the frankness with which it deals with the injustice occurring there. The Israeli press and the Israeli people may be the most self-critical in the world, but this is not enough.

I believe that Israel is now going through a process of second thoughts. To our regret, this process is moving too slowly.

[Question] And what is your opinion about the future of the Middle East?

[Answer] That there will be peace in that area. If there is peace, that area may become the most flourishing in the world. Peace between the Israelis and the Arabs in general and the Palestinians in particular will enhance a realization of the enormous potential, both spiritual and economic, contained within the people of that area. It is only a pity that there is no willingness for either side to speak and listen to each other.

CSO: 4805

DIVIDED, WORRIED COMMUNIST PARTY TO SEEK REVIVAL AT CONGRESS

Helsinki UUSI SUOMI in Finnish 15 Feb 81 p 27

[Article by Ilkka Juva]

[Text] The SKP [Finnish Communist Party] is a revolutionary party. This is the great cause for which its leadership exists. Thus in practice the entire political principles of the party are distinguished from all other parties, which are mainly electoral organizations and tools in the machine of the bourgeois state (Taisto Sinisalo: VASTAUS ON VASEMMISTOPOLITIIKKA [The Answer Is a Leftist Policy], Kursiivi Oy, 1981)

The Nineteenth Congress of the Finnish Communist Party will meet 22-24 May at the Helsinki Kulttuuritalo [House of Culture] "in a new spirit." Then the bourgeois Finnish revolutionary government party will seek peace terms for its 20 years of continuing civil war.

The aim is to establish a peace which would finally turn upward the trend in support for the party, and which would again help the communists to achieve their self-respect as the vanguard of the working class in Welfare State Finland.

"In a new spirit" internal barricades are to be removed. Demands made by anyone present for establishing an agreement are to be accepted, as are demands for stabilizing the party.... Harmonious beginning steps are now being taken.

Both factions of the SKP are united in their stand on foreign policy and international affairs. In domestic politics the factions have common opponents. The factions sit together in a single party organ. The deep gulf which separates them is really based on one fact: the position of the SKP in the Finnish multi-party system.

To Reform or To Reverse Direction?

"The SKP is in historical opposition to the entire capitalistic system," Vice Chairman Taisto Sinisalo, the leader of the party's strict line, wrote recently.

Just before this was written, Party Chairman Aarne Saarinen affirmed in an interview with KANSAN UUTiset [the organ of the "liberal" SKP faction] that the Communists and People's Democrats [SKP-dominated front party] had realized many of their goals since the war.

"There is no longer much left to accomplish in the reform program which we have been working with over the last 35 years," said Saarinen.

In the same interview, Saarinen stated that it was not to the advantage of the working class now to be left behind in opposition."

Sinisalo, on the other hand, seems to believe that the spring party congress should examine even more critically the party's participation in government. The opinion of those backing Taisto Sinisalo, the "Taistoites," is that KANSAN TAHTO, a newspaper of the third party district, a district controlled by the majority ["liberal" faction], has now criticized government participation.

However, it is not only the Communists who must decide about government participation. Socialist opinion within the SKDL [People's Democrats] also will influence the decision. Nor are the socialists of one mind in believing that the Communists are society's hostages in a bourgeois government.

The position regarding government cooperation is the most sensitive barometer of the SKP's internal battle. Resolutions are now being sought for the contradictions between parliamentary reform policy and a revolutionary policy.

The resolutions have been sought in the central camp of the Communists. KANSAN TAHTO has offered a simple remedy to the contradictions: remove the party leaders from the disputing factions, then the dispute will end. This idea has been supported even by the chairman of the SKDL Parliamentary Delegation, Jarmo Wahlstrom.

However, it would be extremely naive to believe in the KANSAN TAHTO recipe. In fact, the aim of this can be seen as an attempt to get Aarne Saarinen to make room for the man with the more strict line, Party Secretary Arvo Aalto.

This can also be applied to the gambit of Construction Workers' Federation Chairman Aarno Aitamurto, who likewise is being looked at as a "third line" candidate successor to Saarinen.

Aitamurto is considered to be playing a gambit, not however for the chairmanship, but for the party secretaryship now occupied by Aalto. According to this line of thought, Aalto would rise to the chairmanship.

Aalto has let it be known that he is not Saarinen's oppositional candidate. Skeptics, however, point out that he would indeed not be an "oppositional candidate" if Saarinen voluntarily withdrew from the contest.

Saarinen and Sinisalo Continue

The chairmanship gambit being carried on in the camp of the majority faction will hardly end up by leading to a change of personalities.

In reality there is no third line in the SKP. And since there is really little chance for the solution of this matter, the party will prefer the pattern of party unification carried on by Saarinen, than that of the stricter organization favored by Aalto or Aitamurto.

The minority faction has let it be known that it will discuss all other issues concerning candidate lists except that of Taisto Sinisalo's position as party vice chairman.

The fact is that Sinisalo, together with the majority's Vice Chairman Olavi Hanninen, will retain his post.

Rules or Agreements

However, the position of Sinisalo and Hanninen blur the fundamental dispute of whether the SKP ought to observe the party rules or to observe agreements made between party factions.

In the rules of the SKP, there is only one vice chairman. If the rules were to be followed in this as specifically as the majority has wanted in other matters, the Congress would have to choose between Sinisalo and Hanninen.

As strange as it may seem to outsiders, some Communists are of divided opinion on observance of party rules. The majority has established as a condition for party unity that it be based on the party's regulations. The minority, on the other hand, presumes that in the elections the principle of each party faction getting its proportion of the votes would be observed. But there is nothing that recognizes the principle of proportion in SKP rules.

Documents

Three documents have been prepared for the Congress. The party backs the one on foreign policy as one man. The main architect of the document is said to be the honorary chairman of the minority SKP, Ville Pessi.

The document on ideology has also been formulated to receive unanimous approval. But efforts being made by the party to achieve unity have foundered over arguments concerning the document dealing with organizational policy.

This is where the issue of following the rules comes into play. The majority would like to elect the Central Committee by majority vote. The minority, on the other hand, proposes that practice begun as an outcome of the negotiations be observed, according to which, each district names its representative to the Central Committee. Thus it means that the party's present district alignment of nine pro-majority and eight pro-minority would also be accepted for the Central Committee and the political commission.

The Presidential Factor

The effort to establish peace within the SKP has been speeded up as a result of the poor results of the party in last fall's municipal elections. Whereas the SKDL had previously had 23.5 percent of the vote, it dropped to 16.7 percent last fall.

The voter swing to the right caused the Communist camp to demand an end to the disputes. Hundreds of supporters and activists appealed to the factions; "education seminars" organized outside the boundaries of the party factions were attended by the thousands; student movements ideologically strongly opposed to one another began to make contact; Communists in the Metal Workers' Union stepped forward in unison demanding greater efforts from their party officials in SAK [the Central Federation of Finnish Trade Unions].

The initiatives of its own supporters were, however, not the only reason for "the new spirit." The very power of the SKP is in danger of being reduced unless it gathers its forces. For example, the fact that the presidential race is to take place in 1984 demonstrates that unity must be achieved, and the Communists have not had a presidential candidate for a long time.

The presidential-race game cannot be returned to the party until after the Congress. This is the way it has been decided: the more left in the party the candidates are from, the more restrictive are their foreign policy views. Internal politics remains a puzzle for the SKDL socialists.

Dispute in the Press

In Finland there is probably the world's only Communist Party which lacks its own official organ. Beginning when TYOKANSAN SANOMAT and VAPAA SANA joined in 1957 to form KANSAN UUTISET, the latter has been the joint standard bearer of the SKP and the SKDL. This has not satisfied the Sinisalo faction. The majority would like to end TIEDONANTAJA, the organ of the Sinisalo faction. The minority would like to get the SKDL out of KANSAN UUTISET. The decision of the Eighteenth Party Congress concerning its own newspaper is suspended in air, since once again the party could not achieve unanimity in carrying out a unanimous decision.

On that day when the SKP newspaper question is resolved, then one can speak of the unity of the party. This day will not be in next May.

CSO: 3107

POLITICAL STRATEGY OF MAJOR PARTIES IN ELECTIONS

Paris LE MONDE in French 25 Feb 81 p 2

[Article by Jacques Robert, president of the Paris II University: "The First Round"]

[Text] Any uninominal election by absolute majority with two rounds follows strict logic. On the first ballot, the problem for each candidate is either to obtain an absolute majority immediately, if he can, which would immediately win him the election, or to win a favorable position for the second round, that is to say to finish, if not as the leading candidate, at least with a percentage of votes sufficient to participate in the second round with a reasonable chance of success.

Unless the election is won on the first round, then, it is obviously the second ballot which is decisive. It is also this second ballot--and these classic cases--that the general staffs usually concern themselves with from the beginning. It is for the electoral bargaining and deals which precede this round that careful preparations are made, as a function of the tactics each will use when the detailed strategies are drafted.

Among the knowledgeable, there is talk only of the second round. It alone appears of interest because it alone is decisive.

And yet, contrary to what some believe, everything sometimes rides on the first round.

This determining importance of the first round of the balloting is very clear when the electoral rules themselves provide that the second round is directly and on a compulsory basis organized as a function of the results of the first. This is precisely the case with the election of the president of the republic of France.

If an absolute majority of the votes cast is not won on the first round of balloting, a second is held, in which only the two candidates who are found to have won the largest number of votes on the first may participate.

Because of this it is vital for any serious candidate, that is to say one hoping in fact to be elected, that he win first or second place. But it is equally essential that each win either one of these places with a number of votes sufficient to justify hopes of winning on the second round thanks to carryover votes. Too wide a gap in the first balloting cannot be closed during the second.

For each political group participating in the election, it is in the first round that it must advance its candidate or sink his opponent. Two strategies are possible, indeed complementary.

The first ballot is thus of capital importance. It does not decide the outcome, but conditions it. It does not designate, but it eliminates. It does not crown, but it decapitates.

Thus ambiguous tactics are drafted at the party headquarters, designed to situate their candidate favorably, while getting other sectors to share their fears.

The tactics differ depending on whether the candidate has a real chance of being elected or not. In this connection, without prejudging the results of the elections, the attitudes of the RPR [Rally for the Republic] and the PCF [French Communist Party] are different from those of the socialist and the Giscard d'Estaing supporters.

The French Communist Party knows very well that its candidate cannot be elected, while on the other hand, on the right, Mr Giscard d'Estaing, or on the left, Mr Mitterrand, could be. This is a prospect with which the party cannot officially appear to be content. Thus it is necessary to wage the battle on two fronts: on the one hand, setting the pace in the battle against Giscard while insuring that Mitterrand is not elected.

It must sponsor the "anti-Giscard" candidate, i.e., his most adamant contender, such as to make the more lukewarm appear to be objective accomplices of the existing regime.

The communists must prevent Mr Mitterrand from being elected, i.e., must discredit him in the eyes of the PCF militants, which also serves to prevent certain communists from being tempted to cast "useful" votes by voting for him on the first round, and then, naturally, being inclined to confirm their votes on the second.

This also and simultaneously means beginning to press him closely even before the first round, in the name of the union of the left, by asking him, for example, if he will appoint communist ministers in his future government, in order to worry the right-wing or moderate electoral sectors which might be tempted to move in his direction.

Will the Communist Party risk paying dear for this pincer movement? It is a matter of the relative evaluation of the dangers. Is a Communist Party in crisis better than having Mitterrand in the Elysee Palace?

The RPR, for its part, seems to be opting for a policy which if not identical, is at least similar in its inspiration and its consequences.

It is again a question of fighting on two fronts, and curiously, these fronts are the same: Giscard d'Estaing on the one hand, and Mitterrand on the other.

First of all it is necessary at all costs to prevent Giscard d'Estaing from being reelected. Thus, to do this, he must be weakened as of the first round, so that his handicap will be impossible to overcome. This will mean an intelligent and detailed criticism of his septennate, and personalized criticism, to cast light on the virtues the outgoing president may have lacked, but which his challenger has in the highest degree: resolution, tenacity, boldness, consistency.

But in weakening the right-wing candidate, it is necessary to guard against strengthening the candidate of the left wing too much, even if a cynical analysis of the situation would unconsciously lead to the Machiavellian ploy of predicting the worst! The expected failure of a leftist experiment following a failure for Giscard would doubtless pave the way to power for Jacques Chirac, while a second term for Giscard d'Estaing would definitively sound the knell of the Gaullist cause.

Given this hypothesis, the multiplicity of Gaullist candidates in the first round should not frighten Jacques Chirac. The Gaullist faction will make a broad sweep. It may be able to boast, on the evening of the first ballot round, of a cumulative total of three scores.

The fewer votes Giscard d'Estaing wins on the first ballot, the more he will need all the Gaullist votes on the second. And what if, by winning votes away from him, Chirac places well in the first round?

Flattening the candidate emerging from the first round is a crucial prerequisite for Jacques Chirac's personal future.

The Choice of Society

Because their respective candidates have the greatest likelihood of participating in the duel in the second round, the UDF [French Democratic Union] and the Socialist Party will necessarily adopt a different attitude for the first round.

It is a question for both of achieving, if not the best score, at least one which does not threaten their chances on the second ballot. The socialists have problems here which differ from those of the supporters of Giscard d'Estaing.

They must simultaneously reassure the floating electorate of the moderate and center sectors while avoiding arousing mistrust on the part of the communist left. They must maneuver between the traps set by the watchful communists and the seductive but dangerous temptation to move too close to the Gaullist sector. For this reason, they are concerning themselves only with the first round, systematically refusing to answer any questions pertaining to the carryover of votes on the second or the decisions which might have to be made afterwards, in the event of success.

The candidate of all the socialists must run solely as a socialist candidate, independent both of the right and of the left. The hostage of no one.

Only on this condition can he hope to rally around him on the first round those who, disappointed in the successful candidate, are nonetheless not ready to join forces with the castaways of the common program. 'Littérature, free of any communist encumbrance, is quite another matter. Isn't this change without risk, which when all is said and done many people aspire to see achieved?

The supporters of Giscard d'Estaing have already organized counterfire against this threat, as of the first ballot. Even if, paradoxically, their whole tactic involves making the public aware that it is not the vote on the second round which depends on that on the first, but the other way around. In fact, an effort is being made to demonstrate that since on the second ballot, one must accept the plain evidence, it is useless to nurture illusions on the first and to act as if....

The evidence? It is blinding. The natural tendency for the Gaullists on the second round is to return to the majority cradle. As to Mr Mitterrand, who cannot win without the support of the communist electorate, how will he manage--afterward--to govern without them? With or without a common program, the battle remains the same: it is always the choice of society.

Under these conditions, it is not the assessment of past action which counts, but the determination of the type of society for tomorrow.

Then, of course, everyone has the right to run as a candidate. But one must be serious, after all, when dealing with one's destiny.

Who has failed to understand? The best candidate is indeed, when all is said and done, the candidate who succeeds. But he cannot do this only on the second round. It is in the first that he must necessarily be put into orbit.

The real danger for Giscard d'Estaing is the first round, because he is vulnerable there. Whether he likes it or not, whether one deplores it or rejoices at it, he will have to answer for his administration, face up to the disillusioned, the dissatisfied, the discontent, the advocates of novelty, the cynical, the vindictive. These categories may include many people. And as there are many candidates, everyone will surely be able to find his comforter or his herald! With less than 25 percent of the votes on the first round, what would be one's position on the evening of the second? This is the basic impact of the first round on our presidential election.

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CSO: 3100

FRANCE DISSOCIATING FROM CHANGED U.S. POLICY ON SOUTH AFRICA

LD181235 Paris LE FIGARO in French 16 Mar 81 pp 1, 4

[Article by Paul-Marie de la Gorce: "The United States and Southern Africa"]

[Text] The new U.S. administration did not take long to adopt and reveal its policy on the Namibian question and on South Africa. Thus Secretary of State Alexander Haig has revealed that the United States is to change its attitude to the "Committee of Five"--France, the United States, Britain, Germany and Canada--which is dealing with the Namibian question: hitherto the course followed has been to propose a settlement which, after the South Africans' departure, would lead to elections and the proclamation of independence and to power for the South-West Africa People's Organization [SWAPO]--the only major Namibian nationalist movement.

Henceforth the United States opposes that, too. The secretary of state indicated that any solution depends on agreement with the South Africans and that the United States will not exert any pressure on them.

This decision will undoubtedly have considerable effects. These effects are already apparent. First, however, the significance of this decision must be understood. In fact it merely illustrates the view now prevalent in the new administration which leads it to believe that everything can be boiled down to the East-West conflict, that any crisis stems from Soviet operations or benefits the Soviets and must therefore be opposed. In Namibia's case this view is applied in a very simple way: SWAPO receives Soviet military for its guerrilla war--aside from OAU aid--and has rear bases in Angola, which is an ally of the Soviet Union; hence it must be prevented from coming to power and the South Africans must be supported.

From the beginning of February the French Government ~~has~~ reasons to foresee and fear a reversal of U.S. policy: its fears have now been confirmed. Its analysis of the Namibian affair is the reverse of the Reagan administration's analysis. Broadly speaking, the French view is that it is vital to support the representative nationalist movements and not oppose them unless you wish to lock them in their relations with the Soviet Union, that independence follows its own logic and that a future Namibian nationalist government would pursue its own interests like any other and would turn much more to the West than to the East.

The example of most African countries in which there were negotiations with the nationalist movements--rather than a long war against them, as in the Portuguese colonies--is there to justify this analysis. Zimbabwe is the most striking case; during their long guerrilla war against the "white government" the nationalists received Soviet military aid: Robert Mugabe, their leader who eventually came to power, was even regarded as most extremist, although he received less support from the Soviets than his rival Joshua Nkomo; but once he became head of government he established excellent relations with the Western countries, went to Washington, where he said that his "Marxism" had only been a matter of expediency in the struggle, and took a great deal of time and posed many conditions before establishing diplomatic relations with the USSR. This example is a perfect illustration of the opposite analysis to the one favored by the Reagan administration.

What will be the consequences of the positions the latter has just adopted? In the Republic of South Africa the government is greatly relieved. It is now sure that no real pressure will be exerted on it. The U.S. decision to oppose economic sanctions--moreover with the agreement of the other members of the "Committee of Five"--confirms this. Everybody knows that over the past year the South African Government has stepped up its authoritarian measures to deprive the African population of the opportunity for political expression: it now only has one newspaper, kept under close surveillance.

This trend will be stepped up. A recent incident shows that France could be implicated in it: the French Alliance in Durban is led by a half-caste, and the South African authorities have asked for him to be replaced, justifying their request by the laws at present in force; the French representatives reacted in a dignified and firm way and openly announced that the French Alliance, although subject to South African law, will not replace the Durban leader. Such an incident had not happened for 10 years. But, in a more general way, the South African Republic is going to pose as the main U.S. ally in the region, and relations between Washington and Pretoria will certainly become closer.

In Namibia the struggle is bound to be stepped up eventually. Since SWAPO has no alternative, it will request and obtain increased aid not only from the Soviet Union and Angola but from the OAU, which has recognized it as a representative body for a long time: SWAPO has no other way of creating the conditions which will later force a political settlement.

However, the repercussions of the Namibian situation are already being detected in the neighboring countries of Mozambique and Zimbabwe. All the experts on Southern Africa agreed that the Mozambican Government was gradually moving away from the Soviet Union, with which it had very good relations; in particular, it was giving active support to Zimbabwe Prime Minister Robert Mugabe, who was very hostile to Moscow. But things have now changed: after a very serious border incident with the Republic of South Africa, four U.S. diplomats were, rightly or wrongly, suspected and expelled, and the USSR immediately demonstrated its "solidarity" by sending three naval units from the Indian Ocean to lie off Maputo. It is more than likely that the Mozambicans' drift away from the Soviets has stopped and that they will instead move closer together again.

It is with this prospect of increased tension in Southern Africa that we must take note of the reports coming from Zimbabwe. In that country the agreement reached between Mr Mugabe's government and Nkomo's supporters--who have most of the weapons supplied by the Soviet Union during the guerrilla war--is no longer being applied. And Nkomo's supporters are returning to their old bush haunts with their weapons. It is obvious that if there is a more acute and more general confrontation in Southern Africa, Zimbabwe would not be protected against the resulting repercussions.

It is precisely this risk of confrontation which strikes the French Government as serious, not so much because of its military implications as because of its political consequences. These would be to restore to the Soviet Union a role and an image which were recently being disputed in Africa; it would once again be the Africans' preferential ally against the last bastions of colonization and against the Republic of South Africa and apartheid. It was precisely that which France, supported by the other European countries, was trying to prevent.

French diplomacy is, therefore, seeking ways of dissociating itself more clearly from the new line taken by U.S. policy, especially since it voted against economic sanctions in spite of everything. It did that not because of its interests in South Africa, which are much less important than is thought, but for reasons which it explained to the African governments: nowhere have its sanctions ever had any effect, and it is the African countries bordering the Republic of South Africa which would suffer, because they have very important economic relations with South Africa. Thus we must wait for France to reveal its own stance on Southern Africa's problems in the coming weeks, to recall its own views and define its own policy.

CSO: 3100

GALLEY SPEAKS TO IHEDN ON NATION'S DEFENSE POLICY

Paris DEFENSE NATIONALE in French Mar 81 pp 9-27

[3 February 1981 speech by Minister of Defense Robert Galley to the Institute for High National Defense Studies (IHEDN)]

[Text] Over the past several months, you have heard several reports by the most eminent and most competent experts. You are therefore informed listeners. Consequently, in writing today's address, I set a simple goal for myself: I would like this report to be useful to you, to nourish and stimulate your reflection and work.

In your individual fields, you are all officials. Throughout my professional life, I have personally worked for a long time in sectors closely related to France's task of building the nuclear means of ensuring its independence and security. In particular, I am thinking about my years from 1955 to 1967 on the Atomic Energy Commission, where I participated in the design and construction of centers for the production of military plutonium, initially, and highly enriched uranium thereafter.

For several weeks now, I have been in charge of implementing the defense policy drawn up by the president of the republic. I therefore thought it would be interesting to tell you of my reflections stemming from an analysis of the evolution in France's international environment since 1974, the date on which I assumed those responsibilities. That is the prime purpose of my report. I should then like to tell you very precisely how our country is adapting its defense effort to that evolution.

I. International Environment¹

Let us first of all look at the evolution in France's international environment.

Naturally, it is a matter of discerning the long-range trends that have become apparent between the world of the past and our world now. At the same time, we shall attempt to project this evolution on the world of tomorrow, inasmuch as a defense policy cannot be improvised, but requires long periods of reflection and execution. In addition, within those trends, one must single out those whose impact on the security of our country and the threats it may face is significant.

¹ Subtitles by DEFENSE NATIONALE staff.

Three major features seem to characterize this evolution; an intensification of the military effort of the two superpowers, on the one hand, the development of destabilizing forces in the world, on the other hand, and finally, a number of far-reaching technological developments. Let us examine these three points.

United States and the Soviet Union

The first major trend is the development of the military efforts of the United States and the Soviet Union. There is, on the one hand, the steady growth of their strategic military forces, and on the other, the continuing development of their conventional forces.

In the area of strategic nuclear forces, developments over the past decade have been very rapid because of the tenacious effort of the Soviets to catch up to the Americans. The SALT 1 agreement gave the USSR a quantitative advantage to make up for its clear technological, and therefore qualitative, lag compared with the United States. Since that time, each country has continued its effort, but that of the Soviet Union to modernize its forces has been much more substantial, as shown by its progress in the technique of multiple warheads, which we know it has mastered since 1973. The USSR has now largely caught up and it would appear that within a short time, may even acquire a certain superiority in certain fields, such as the total power of weapons or the ability to strike missile sites on land with great accuracy.

The balance of terror is therefore preserved. Why?

The overabundance of the existing arsenals of destruction is such that each of the protagonists would retain enormous means of striking at the adversary if the latter should decide to attack. The capacity for mutual destruction is therefore preserved. In the long run, the United States' pursuit of new programs: essentially mobile land-based missiles, a new generation of sea-to-ground missiles and the installation of cruise missiles on strategic bombers, should substantially strengthen its strategic position. Naturally, in the meantime, the Soviet Union will not remain passive and will develop its own forces. On the whole, one finds here the implacable logic of the competition of the two superpowers: Any breakthrough, any progress by one will incite the other to pursue the modernization of its arsenal.

But at the same time, one can be assured that any slowdown in the technological effort to plan or develop quantities of weapons on the part of one would only be considered by the other as encouragement to persevere and increase its superiority once and for all. The major uncertainty here merely concerns the ability of these two countries to come to an understanding in the future in order to control the continuing escalation of their respective arsenals. In this connection, one observation should be made: It is not the United States that has been lacking in moderation over the past two decades.

In the field of conventional means, the ratio of forces is more complex. Soviet superiority is considerable in the area of land forces. It is expressed in the number of tanks and artillery pieces as well as in that of infantry divisions. The Warsaw Pact forces have experienced regular qualitative improvements,

particularly in the field of preparations for tactical nuclear war. Nothing would indicate any softening of this trend in the near future.

In addition, the Soviet Union enjoys an essential geographic advantage in certain areas where it is making a special effort at destabilization. One has to observe that today, several of the main crisis zones are on the periphery of and not far from Soviet territory. In these areas, the USSR's ease of intervention is consequently greater than that of the United States.

However, inversely, the United States has substantial advantages. Its air force is qualitatively very superior to Soviet aviation thanks to American technological advancement, particularly with respect to electronic equipment (highly diversified countermeasures adapted to the different threats, multi-function and multi-station radar on board, navigational systems of great precision, all with intensive use of on-board computers) and weapons (laser, infra-red, inertial, electromagnetic guidance).

With respect to the Soviet Navy, while it has become second in the world, it continues to suffer from major handicaps. The American Navy's superiority is actually overwhelming in the field of aircraft carriers (13, including 4 nuclear carriers, compared with 2 for the Soviets, which have planes with very limited operating capabilities). The American Navy also has a superior attack fleet, where the supremacy of the American fleet is unquestioned (overall tonnage six times greater than that of its Soviet counterpart). It enjoys increased superiority in the field of personnel and the reliability of equipment, which contributes to totally unequal ratios of presence on the sea for the two navies.

Finally, in order to make up for the handicap caused by the expansion of the principal zones of tension or conflict, the United States continues to set up an international action force equipped with considerable means, both with respect to the equipping of intervention troops (heavy equipment, armored vehicles, and so on) and means of air and ocean transport (over 300 heavy transport planes).

In short, between the United States and the Soviet Union, military competition continues and, I believe, will grow at a vigorous, sustained rate.

General Destabilization of the World

At the same time, destabilizing forces are developing in the world. "There is a general destabilization of security in the world," the president of the republic observed in 1975. Now more than ever, this diagnosis corresponds to the reality we see. This destabilization actually corresponds to the convergence of three tendencies: economic, political and military.

The increased intensity of the economic competition between nations is a major characteristic of the current trend in international relations, competition in the increasingly vital quest for natural resources: sources of energy, raw materials, ocean resources, first of all. Then there is the fierce competition on the commercial level between producers of manufactured goods, whose field of action is gradually extending to the entire world.

Increasingly competitive, the economic world is also disorganized. The international monetary system set up after World War II has blown up. The use of protectionist practices is not rare. Everywhere inflation persists at a high rate. The indebtedness of the Third World reaches heights from which it can no longer descend.

Despite the very serious difficulties we are experiencing, one can be sure that it is the poorest countries that suffer the most from this environment, which steadily grows more harsh. The combination of strong demographic growth, a limited ability to master agricultural problems, sometimes total industrial inexperience and the sudden increase in the cost of imported energy is overwhelming for those countries which do not have the good fortune to be oil producers, while at the same time, horrifying disparities appear between the rich and the poor within the Third World.

On the political level, the sources of tension are equally strong. The movement to question the bipolar international order that emerged following World War II is irresistibly expanding.

Most countries on the planet increasingly affirm their will for independence from any outside tutelage. Basically, this is a healthy trend. In the long run, it condemns all forms of colonialism and helps strengthen the equality and freedom of nations. However, in the long period of transition through which mankind is now passing, occasions for confrontation are not lacking.

Consequently, sources of conflict are growing in number. At the same time, the military means of expressing these struggles are developing.

On the one hand, there is the trend toward nuclear proliferation in the world. Naturally, in the United States, the Soviet Union and the European theater, nuclear arsenals have become an integral part of the overall military balance and thereby limit risks of worsening existing rivalries. But the appearance of nuclear weapons in troubled regions or unstable countries would substantially increase possibilities of open, murderous conflicts and increase the general risk of holocaust. That is why France is trying to help limit and organize the trend toward nuclear proliferation, so alarming for world peace.

The proliferation of conventional weapons is older and universal. It continues relentlessly. How could one be surprised by it? It is natural for a country gaining independence to acquire the means to protect that independence against any outside aggressor. In a perilous, restless world, the increase in weapons production and purchases is scarcely surprising. Stimulated by the military escalation in which the United States and the Soviet Union are involved, recently accompanied by an increase in the number of weapons producers, it is undeniably part and parcel of the current climate in insecurity.

While the sources of conflict grow in number, we must also observe, unfortunately, that particularly in Africa and the Middle East, when a conflict breaks out, it lasts -- that is, it goes through periods of crises and cold war very rarely leading to peace.

Major Technological Changes

The third major feature of the evolution in the international environment is the major technological changes that have occurred in the military field. Three such changes seem to me to be of singular importance for the security of France.

First of all, there is the evolution in nuclear missiles: an increase in the number of heads, on the one hand, thanks to the development of the technique of missiles with multiple warheads, and above all, with multiple warheads separately guided. Thus, a single missile can strike several clearly distinct targets. Second, there is greater accuracy. I should like to quote a few figures that sum up the progress made in the realm of accuracy. The so-called "first generation" missiles, such as the Soviet SS 9, had a precision on the order of 2,000 meters. That of the SS 20's which the Soviets deploy today is around 300 to 400 meters, while that of the Pershing 2's which the Americans are developing is around 50 meters. Progress is considerable and thereby upsets the factors involved in the strategy of deterrence.

The second technological development is the appreciable improvement of means of surveillance and defense. I am thinking first of all about the improvement in means of detection. On land, at sea and especially, in the air and in space, it becomes possible, by using satellites, to detect from a very great distance and with accuracy. I am also thinking about the improvement in means of destruction: Progress in electronics permits the development of all kinds of missiles: air-to-ground, air-to-sea, ground-to-air, ground-to-ground, sea-to-sea, with spectacular performance as to speed, penetration, precision and even "intelligence."

The third technological evolution is the increase in the offensive capabilities of conventional land, air and sea weapons. This is particularly due to the constant progress made in the field of the mobility of such weapons: the great maneuverability of tanks, capable, for example, of firing as they advance; the high speeds of planes at high and low altitudes, thanks to automatic ground reference equipment; and the great autonomy of nuclear ships.

This offensive capacity of conventional weapons also stems from the considerable developments that have occurred in weapons and weapons systems. They make it possible to obtain at one and the same time increased penetration and operational efficiency, mainly through the use of highly accurate missiles fired from a long distance, far from enemy defenses, and the use of munitions with better and better performance (cambered shells, for example).

A ratio of forces between the United States and the Soviet Union that has shifted in recent years in favor of the latter, although the power of both is considerable, inasmuch as the arms race between the two superpowers is an irreducible mode; a competitive, disorderly, overarmed world in search of new balances; and continuing improvement in the performance of both nuclear and conventional weapons: These are the major features of the evolution of France's international environment.

II. France's Defense Policy

How does France's defense policy meet these trends?

First of all, I would like to tell you why it seems clear to me that in this perilous and uncertain world, the principles inspiring our defense policy since the beginning of the Fifth Republic are more valid than ever. Nevertheless, the continuing adaptation of the means of this policy is the logical and necessary counterpart of the continued existence of those goals.

Principles

How would one describe our defense policy? The objective is simple: It is a matter of ensuring France's independence, of protecting its interests and honoring its commitments. Four closely linked principles derive from this.

The first principle: France follows a policy of national defense. As General de Gaulle said: "France's defense must be French (...). If a country such as France engages in war, it must be its war. Its effort must be its effort." That is why France withdrew from the North Atlantic Treaty Organization. And yet, independence does not mean solitude. Faithful to its friends, France remains a member of the Atlantic Alliance.

I occasionally read or hear that this national approach to the security problems of our country is anachronistic, that in the face of the threats I was just describing, France should rejoin the ranks and strengthen Western solidarity, even if that means returning to NATO or a European defense system that would be created. Do I have to emphasize how contrary to the underlying interests of our country such a decision would be? On the one hand, the path of an independent European defense is not realistic today. Europe continues to need American support to balance Soviet power. Furthermore, it is clear that while the Americans are our allies, they are only our allies. How could one imagine that under any circumstances, they would feel as bound as we are to defend our territory? The case is understood: In the face of the number, complexity and uncertainty of the threats, France must retain its autonomy of decision. Today as yesterday, our country intends to remain responsible for its own security — that is, have the necessary means to ensure its defense and decide itself under what circumstances it must use them.

It is true that inversely, others with good intentions recommend that our country adopt a hypernationalist attitude. In breaking its alliances, in concentrating its strategy and means of defense on the mainland territory, France would proudly affirm its will to resist any outside aggression. You can see how ridiculous such superb isolationism would be! Can one seriously imagine that France would not be interested in its immediate environment — that is, the balance of forces in Europe? Naturally not. Our destiny cannot be separated from that of the old continent to which, in addition to geography, we are linked by so many types of solidarity, the fruit of a long common history, the same civilization and, for the past 30 years, the determination to act together. Moreover, is it necessary to recall how concerned France is over all the risks of destabilization in regions to which it is tied by commitments or interests? We have definitely seen this in the past 2 months.

The second principle is that France's defense is based on deterrence. As you know, this is a strategy of banning war. It makes it possible to ensure the defense of our country's vital interests. This strategy is mainly based on strategic nuclear forces capable of inflicting intolerable damage on any aggressor in the very heart of his territory. It is also based on tactical nuclear forces and conventional forces which, by enabling France to avoid an "all or nothing" situation, increase the deterrent impact of strategic nuclear forces.

I can only note with satisfaction to what extent this strategy of deterrence, long denigrated or misunderstood, has gradually rallied a far-reaching consensus. France has no revenge to seek, borders to modify or hegemony to impose. In other words, a strategy of deterrence is the best adapted to our country's situation and vocation. Thanks to its military means and especially its strategic nuclear forces, France can ensure respect for its independence vis-a-vis any country.

The third principle is the determination to have the ability to act. Beyond its vital interests, France must be able to ensure the defense of its international interests and respect for its international commitments. As our prime minister said at Maitly-le-Camp on 18 June 1977: "Our political and diplomatic action can be waged effectively only if it is based, if need be, on the presence and potential action of military means capable of supporting our friends in difficulty and showing our determination and resolve to back our legitimate claims or those of our friends." It is impossible to put it any more clearly.

The fourth principle is the recourse to the national draft. You know the "technical" arguments in favor of the draft: By providing an ample and stable supply of good quality forces and limiting dependence on the budgetary resources of the armed forces' operating credits, this system is certainly the most effective. But above all, this choice corresponds to a specific political will. What is in question is the very nature of defense, which can only be the responsibility of the entire nation. This requirement is backed by the very nature of the policy of deterrence: It rests on the personal will of the president of the republic, relayed by carefully trained and fiercely determined armed forces. But this requirement is also based on the determination and participation of all citizens in the country's defense. I would note, according to polls conducted by the Armed Forces Information and Public Relations Service, that the proportion of our fellow countrymen who consider that France cannot ensure its defense without the draft has been steadily growing since 1973 and is now a majority.

These are the continuing principles of our defense policy, but one must strengthen and adapt the means used to carry out that policy.

Evolution in Means

Strengthening our means first of all implies stepping up the budgetary effort made by the nation for its defense. The president's determination to back that effort has been expressed in an increase in the defense budget from 3.41 percent of the GNP to 3.86 percent in 1981. I can personally measure the impact of the increase when I think of the budget I had in 1974 and compare it with the one Mr Le Theule has left me today. I would like to emphasize how praiseworthy that increase and many of our allies envy us. It was in fact obtained during a period of economic

difficulty linked to the world crisis and of subsequent budgetary reductions without precedent in the history of our country since the war.

How will that effort evolve in the future? That must be one of the major topics for reflection for those who will draw up the future budget in 1981 and 1982. I would not conceal the fact that in the face of mounting and diversified threats, in the face of rising costs resulting from the need to develop weapons with ever better performance, the task will be a difficult one. Nor can there be any question of compromising the country's economic and social development through excessive reliance on the nation's resources. More than ever, stringency will be the rule: stringency in the choice of equipment, stringency in the management of programs, stringency in daily life.

Concerning the choice of equipment, I would like to be more precise: How should France adapt its military means to its ambitions and possibilities? It would seem to me that in the search for maximum effectiveness, we must respect two rules:

The essential equipment and materials, particularly nuclear weapons, must receive without hesitation all the means needed for their development and building.

With respect to other armaments, they must be on a level with the best foreign equipment if the operational advantage resulting is truly substantial and, naturally, in keeping with our missions. Otherwise, we must seek the best adapted compromise between reasonable operational specifications and cost reductions that can be obtained.

Naturally, I cannot now anticipate the conclusions of work on the next budget, but as you know, a certain number of decisions have already been made and programs are underway, either in the research or completion stage.

Without enumerating all of them, I would nevertheless like to mention a certain number, choosing those that appear to me to be the most significant in the extraordinary effort to adapt equipment and weapons which France is now making and will continue to make in the future. I would make a distinction between our nuclear capabilities and our conventional capabilities.

Nuclear Forces

As I mentioned before, our nuclear forces are the essential instrument of our strategy of deterrence. That is why, although they are currently largely adequate to achieve the deterrent effect sought, it is important that we never relax in our effort. What exactly is required of us?

In the realm of strategic nuclear forces, we must strengthen our strike capacity by increasing the number of our missiles and nuclear warheads, reducing the vulnerability of launchers to any enemy attack and increasing the ability of our missiles to penetrate.

That is why we have undertaken the construction of a sixth missile-launching nuclear submarine designed with great acoustic discretion and capable of detecting any enemy threat. That is also why we are continuing plans for replacing, on our

missile-launching nuclear submarines, the M 20 missile by the M 4, which has multiple warheads and a longer range. The "Inflexible" submarine alone can strike several dozen targets with nuclear warheads, each of which will have a force of over 100 kilotons. Thus, within our strategic nuclear forces, we are consolidating the central role of the submarine component. In the face of the technological development of missiles of other nuclear powers in both numbers and precision, it in fact remains the most invulnerable.

Nevertheless, we continue to improve the other components.

By next year, we shall have completed important work at Albion, following which the S 2 missiles will be replaced by S 3's, characterized by a greater capacity for penetration and great power in megatons.

The strategic air component will also be qualitatively reevaluated. Some 15 Mirage IV's will be rebuilt. Modern navigational and electronic war systems will provide the plane with new youth. The ASMP (medium-range air-to-ground) missile, with a range of over 100 kilometers, will make it possible to increase by that much the delivery radius of the nuclear arm, with the increased penetration provided by low-altitude missiles and reduced vulnerability for the plane, which will be able to fire while remaining out of the reach of enemy defenses.

On the whole, our strategic nuclear forces will be much more powerful in a few years. But we are already preparing for the more distant future, that of the 1990's. Important studies are now being made on a mobile ground-to-ground strategic launcher. By considerably reducing vulnerability to the precision of the new weapons I have described, its mobility could make it a singularly deterrent weapon. Like other countries, we are also examining what could be a new generation of nuclear submarines: extension of the patrol zone by an increase in the range of missiles; improvements in acoustics and in the detection capacity; stepping up the firing speed; and an adaptation of the capacity for penetration to defenses we might encounter. All these are areas in which our researchers are already doing work.

A few words on tactical nuclear weapons: You know that these are weapons of deterrence destined to play a transitory role. Their intervention halts conventional combat and announces the use of strategic nuclear weapons, with all their consequences. To the five Air Force squadrons carrying the AN 52 will be added this year the Navy's Super-Etendard formations, which will be equipped with this nuclear weapon. In short-range terms, the AN 52 will give way to the medium-range air-to-ground missile, the ASMP, for Navy fighter planes as well as for the Mirage 2000 of the Tactical Air Force. I shall return shortly to the remarkable qualities of this aircraft.

Finally, always with a concern to prepare for the distant future, we are currently at work on important projects. Some have to do with the possibility of extending the range of tactical ground-to-ground missiles. Others concern weapons with a greater range. Here again, if these programs are finally launched, it will be a matter of expanding the maneuvering room of the government, which controls the use of nuclear weapons, by increasing the deterrent possibilities constituted by the tactical nuclear weapon in different situations and by improving the complementary nature of the different systems.

Conventional Forces

Let us now turn to the conventional forces.

Without any doubt, it is the Navy that will experience the most spectacular changes in the years to come. Above and beyond its traditional missions, the Navy will witness an expansion of the domains in which it may be called upon to lend its aid: protection of our maritime communications; support for foreign interventions; the surveillance of economic zones, recently extended to 200 nautical miles; and tasks of a nonmilitary public service nature.

That is why we have undertaken a vast effort to rebuild the Navy's means. From 1977 to 1990, the proportion of tonnage of our surface vessels not having exceeded half their life will go from about one-quarter to three-quarters! Equipped with high-performance missiles and endowed with the most modern electronic equipment: radar, passive and active electronic war systems, computerized data processing and information relaying systems, submarine detection equipment, these ships will be able to face all surface, air or submarine threats under the best possible conditions. In addition, in longer-range terms, our two aircraft carriers, the "Foch" and the "Clemenceau," will be replaced by nuclear aircraft carriers.

Nor are we any less ambitious with regard to our submarines. We have embarked upon a program to build ten nuclear attack submarines. Their discretion, their endurance and their mobility will give them a greatly increased operational effectiveness compared with the diesel submarines. They will in fact be clearly less vulnerable, their radius of action will be practically unlimited and their offensive capabilities largely strengthened. The first, the "Rubis," will go into active service next year.

I could not leave the subject of the Navy without mentioning the Naval Air Force. We currently have Super-Etendards and Lynx helicopters. We shall soon have the New Atlantic Generation, which will have particularly advanced arms systems for antisurface and antisubmarine combat.

Concerning the Air Force, you know that a large amount of equipment is now being built or purchased. I have chosen to tell you of three programs that do vary in scope but that seem to me to eloquently illustrate the variety of the missions of the Air Force and our concern to provide it with the means to carry them out.

First program: the Mirage 2000. In every way, this multipurpose plane will be remarkable. It will take us one large step forward compared with the preceding generation, particularly due to the intensive use of computers, new materials in construction of the cell and the navigational systems with which it will be equipped. The ability to take off from short runways, excellent rate of climb, speed in excess of Mach 2 up to 18,000 meters, the ability to pursue and fire at any altitude and under all conditions, highly advanced defense capabilities with respect to guided missiles: These are all assets that will make this aircraft completely exceptional. I tell you clearly: The Mirage 2000 will make a great contribution, in the future as its predecessors have done in the past, to the prestige of French technological know-how.

Second program: the Transall. Certain recent events have emphasized France's need to be able to carry out action rapidly and at a great distance. This points up the timeliness of the decision made to equip our Air Force with an additional 25 Transalls. These planes, delivery of which will be spread out between this year and 1984, are particularly well-adapted to international actions. Their ability to take off and land using short runways is exceptional. What is more, the Transalls that we shall soon receive will have better performance than their predecessors. They in fact have a greater fuel capacity and an in-flight refueling system enabling them to proceed to distant theaters of operation nonstop.

Third area of effort: the development of ground equipment for high-altitude detection. Like France, other countries are acquiring high-performance aircraft, capable of flying at very low altitudes at great speed. That is why, in order to reinforce our antiaircraft defense in the face of this developing threat, we decided to place Centaure and Aladin radar systems on our borders and around sensitive areas, enabling us to detect the approach of any enemy plane flying close to the ground. The first deliveries of such equipment will come around 1982. In the long run, this radar system will be completed by an airborne detection system already being worked on.

Why did I decide to conclude with the Army? Please do not view this as coyness on the part of the former tank officer which I am.

Rather, I would have you see my satisfaction that the reorganization of the Army is essentially nearly completed. A great effort was made to give it greater fighting ability, greater flexibility, more diversification, more effectiveness, in a word. In the face of the variety of threats, the Army must be made ever ready and strong.

Consequently, it is acquiring new equipment considerably improving its firepower and mobility. I have chosen three very different but exemplary programs to describe to you.

First of all, there is the Famas. This rifle is now being given to our units. I shall not dwell on its performance, which is already well-known. But I should like to emphasize how its easy handling, precision and variety of possible uses make it a weapon perfectly suited for modern warfare. In this connection, and because it is the weapon of the individual soldier, it seems to me to illustrate a simple, basic fact: the gradual and irreversible shift of our conventional forces of the postwar period to that of the end of the second millennium.

Second program: the new 155 cannon with great firing speed. With this cannon, our artillery acquires new power. It makes it possible to fire faster -- mainly thanks to the computerized data processing and aiming system (Atila system) -- farther and more effectively.

In the face of any ground threat in the form of very mobile and powerfully armed armored divisions, it will help, along with our ground-to-ground missiles and helicopters, to strengthen the antitank capacity of the infantry.

Third program: the combat tank. You know that 1981 will be the year in which the AMX 30 B2 goes into service. It is a highly improved version of the AMX 30 B. The progress it brings involves fire control (introduction of integrated automatic firing control) as well as mobility (thanks to a new transmission) and protection (thanks to a new collective pressurization device). Equipped with the 105-mm cambered shell, it is a high-performance tank. And yet, we must already start thinking about its successor. This is the purpose of the work we are now doing with our German friends on what we call the 90 tank. I am sure that the alliance of the experience of the German tank makers and the French technological skill will give us a tank equal to any in the world by the end of the century.

I should like to conclude with one request:

The equipment programs of which I have spoken to you have one common characteristic: Between the time when the first research work and designing begin and the time when the equipment goes to the units, there is a considerable length of time which, for the most sophisticated materials, may be from 8 to 10 years. Moreover, the concern for budgetary stringency and for saving money wherever possible sometimes adds to that period of time.

However, the world evolves rapidly. How far we have come this past decade! How many crises, conflicts, changes or breaks we have seen in the policies followed by many countries! In this restless world, where history sometimes seems to speed up, the threats are both numerous and multifaceted, open and potential, distant and near. For France, what we must do is clear. The diversity of threats and possible conflicts must be met by a diversity and complementary nature of means. As the president said in September: "In the dangerous world in which we live, the first rule of defense for a great country such as France is that one can not remain at an impasse in matters of security. France must be able to meet every threat, whatever its location or nature, no matter how it might unfold."

In your work, I would ask to to keep this requirement constantly in mind. Show imagination, but never forget that France must always play a role in the world that is on a par with its history and its ambitions. This means that it must not only ensure its own freedom, but also pledge to defend the values of its civilization, help reduce international tension and honor its commitments.

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CSO: 3100

STOCKHOLM PAPERS CRITICAL OF RIKSDAG FOREIGN POLICY DEBATE

LD261001 [Editorial Report] Stockholm's DAGENS NYHETER and SVENSKA DAGBLADET in their 19 March 1981 editions carry editorials on the previous day's foreign policy debate in the Swedish Riksdag. Both find it satisfying to note that there is great agreement between government and opposition on the majority of questions facing Swedish foreign policy, but both are critical of what they saw as shortcomings in the Riksdag debate, which concentrated great attention on such matters as U.S. involvement in El Salvador, the apartheid regime in South Africa, Soviet activities in Afghanistan and the problems facing the world because of the situation in Poland. DAGENS NYHETER writes: "There is good reason to direct greater critical attention at U.S. activities than at any time since the Vietnam war. Tough words were of course also used about the Soviet Union's policy in Afghanistan. The government stressed that it takes an interest in Poland's affairs.

"Agreement on foreign policy does of course have some value, but a Swedish foreign policy declaration and a foreign policy debate should be the correct opportunity to discuss what Sweden wants to do and can do in the world. In practice the declaration gave a strikingly poor foundation for a worthwhile debate between the foreign minister and the opposition leader. Palme's overrating of Ullsten's declaration in fact places something of a question mark over the judgment of both."

The editorial goes on to enumerate questions which would have led to more fruitful debate, all of which deal with nuclear arms and disarmament, and accuses Sweden's political leaders of ignoring the American bulletin of atomic scientists' doomsday clock, which now stands at four minutes to twelve.

SVENSKA DAGBLADET expresses the same approval and the same criticisms, but concentrates on the silence with which the Brezhnev proposals were passed over. It goes on to make the general criticism: "What is lacking in the government's foreign policy declaration is an attempt at a deeper analysis of the problems surrounding the so-called Eurostrategic arms. The short statement that the prospects of an agreement on them at the present time do not seem rosy cannot be gainsaid. But since these arms are of such central significance for Sweden's future security too this should have been a good opportunity to develop the Swedish view in a little greater detail."

SVENSKA DAGBLADET also asks what the view of the world can be in the foreign ministry, which attaches great importance to distant matters and ignores problems closer

to home: "What does the globe in the foreign ministry really look like? Its proportions must be strange, judging by the foreign policy debate which the Riksdag chewed its way through on Thursday.

"It is obvious that Europe and Sweden's immediate environs, where developments are of great importance for us, have been so badly squashed that it has been overlooked by those whose job it is to declare Swedish foreign policy. Instead we were given many more examples of safe declarations of what is really at stake in Central America and southern Africa, areas which are indeed important for peace in the world but which in today's situation should hardly be central to the debate on Swedish foreign policy."

CSO: 3109

MANEUVERS IN SOUTHEAST INVOLVE 11,000 TROOPS

Paris LE MONDE in French 15-16 Mar 81 p 6

[Article by Jacques Isnard]

[Text] From Monday, 16 March, to Friday, 20 March, some 11,000 men, 2,500 different vehicles, including 300 tanks, 50 helicopters and Air Force and Navy units will participate in the southeast in the "Alps-81 Maneuver," the only inter-armed forces exercise of national importance to be organized in 1981. The operations will take place in open country and at Camp Canjuers, chiefly in the departments of Var, Alpes-Maritime and Alpes-de-Haute-Provence.

According to their organizers at the Lyons CP, these maneuvers will enable them to train the 27th Alpine Division, whose general staff is in Grenoble, to engage in defensive combat against a large enemy force composed essentially of the 14th Infantry Division, the 21st Marine Infantry Regiment (RIMa), the Second Foreign Infantry Regiment (REI) and the Ninth Paratroop Regiment.

During the exercise, a landing operation in force will be conducted on the beaches of Cavalaire and Saint Tropez by a team composed of the 21st RIMa and the Second REI. This action will be accompanied by airborne operations in the direction of the nuclear missile launching site on the Albion Plateau (Alpes-de-Haute-Provence). The firing of real artillery is planned at Canjuers for the 20 March.

"Spinal Column" of New Combat Unit

Next September the 21st RIMa and the Second REI, which are to participate in the "Alps-81 Maneuver," will constitute the 31st Brigade, stationed in Southeastern France and destined for action abroad. Command of this new inter-armed forces unit will be entrusted to the general who currently commands all Foreign Legion regiments in France and overseas from his CP in Aubagne (Bouches-du-Rhone).

This choice has given rise to a lot of chatter in the Army, not because of the person appointed to assume command of the 31st Brigade, Gen Paul Lardry, but because of a difference of opinion that has come up at this time between the Foreign Legion — fully backed by the Army chief of staff — and the Marine Corps, which felt that it was by rights all ready to become the "spinal column" of this new combat unit.

For the creation of the 31st Brigade is not the result of an initiative of Gen Jean-Yves Delaunay, the present Army chief of staff, but rather of his predecessor, Gen Jean Lagarde, who, as luck would have it, was a Marine Corps veteran.

The former Army chief of staff's ambition was to create a foreign action unit with more "muscle" and more heavily equipped to be used to deal with hypothetical situations for which the 11th Paratroop Division or the Ninth Marine Infantry Division could not very easily be used. Rightly or wrongly, today many Marine Corps officers feel frustrated by the creation of this 31st Brigade, which they seem to have lost out on to the advantage of the Foreign Legion.

Difficulties to Be Resolved

Originally, the constitution of this new foreign action forces unit stems from an observation made several years ago by Gen Guy Le Borgne, formerly in command of the Fifth Military Region at Lyons and today in the Reserve, who had hoped to combine under the same command the various units scattered throughout the southern part of his territory, more particularly, on the Var coast. At the time, the prevailing notion was to create an operational team of units capable of intervening along the periphery of the Mediterranean wherever France's interests might require permanent protection, one based on more powerful forces. The 31st Brigade is, more or less, the heir of this Mediterranean team.

There are, however, many problems to be settled, to begin with, the training of staff personnel and the support elements for this new inter-armed forces combat unit.

But the least of the difficulties to be resolved is not the equipping of the 31st Brigade, that is, the choice of tanks which will in future chiefly be used to equip the 21st RDMA of Frejus (Var). Two different kinds of equipment may be competing with one another: the AMX-10 RC, whose performance is particularly reliable but which is expensive and hard to transport by air because of its weight, or the Sagie [Assegai], lighter, cheaper, but whose opponents say that it would not provide advantages very much greater than those of the light armored cars equipped with 90-mm cannons which are now in service in other units.

This is a debate among experts that could be cut short by general staff funders, caught between budgetary necessities and the urgent need for equipping the 31st Brigade with suitable and sufficient armament, yet having to be careful to better distinguish from one another equipment destined for a European theater of operations from those which, because of their specifications and performance, are more destined for use overseas.

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CSO: 3100

COMMANDER RECEIVES SERVICE CHIEFS' CUTBACK RECOMMENDATIONS

LD301159 Stockholm DAGENS NYHETER in Swedish 25 Mar 81 p 6

[Text] In the 10-year period from 1982 to 1992 the defense forces' peacetime organization will be slimmed down by at least 6,100 employees. This is the thrust of proposed cuts submitted to Commander in Chief Lennart Ljung on Tuesday [24 March] by the heads of the various branches of the defense forces.

The commander in chief will collate the proposals and present them to the defense committee in May. The defense committee will in turn present recommendations to the government this fall. The most important elements in the recommendations will be the cuts in the peacetime organization, amounting to around 15 regiments, and a decision on the next Swedish combat aircraft.

Of the personnel to be cut, in part through reduced conscript training, 2,200 posts will disappear from the army, 1,600 from the air force, 500 from the navy and around 2,000 from central staff and from central authorities common to all the services.

The commander in chief has announced 6.6 billion kronor as his savings target for military defenses. The army should save 2.2 billion, the air force 1.6 billion, the navy 700 million and the defense forces' various administrative bodies 2.1 billion kronor during the 10-year period.

A little over a month ago the commander in chief presented various alternative proposals for closures, which have now been studied by heads of the different services.

As far as the air force is concerned the commander in chief wanted to disband F6 in Karlsborg, F10 in Aengelholm, and F13 in Malmoe.

Air force chief Dick Stenberg does not want to disband any more wings because of uncertainty with regard to aircraft developments. Instead he believes that he will be able to achieve savings in part through rationalizations within the training units.

Army chief Nils Skoeld wants to achieve the savings targets through rationalizations within the units, coordination inside the garrisons, and amalgamating or disbanding units.

Savings achieved through disbanding units will remain at 775 million kronor, one-third of the savings target.

Skoeld proposes that A6 in Koenkoeping, 13 in Oerebro and T1 in Linkoeeping be disbanded. The army flying school in Nykoeping should be moved and T4 and P2 in Haessleholm combined. S2 in Karlsborg should be reduced in size and combined with K3, which will be moved from Skoevde to Karlsborg. K1 in Stockholm will be combined with I1 in Kungsaengen.

The commander in chief also recommended the closure of I13 in Falun and I12 in Eksjoe, but the army chief wants to retain these units. A merger of T3 and I21 in Solleftea was also proposed, but Skoeld rejects this solution. "We need both these units if we are to have sufficient units trained for conditions in Norrland," he said.

Skoeld is most critical of the commander in chiefs proposal to disband LV6 in Goeteborg. This unit must remain principally because of the organizational need for antiaircraft and training units in the Goeteborg area.

CSO: 3109

AIR FORCE OFFERED MULTIROLE JAS AS NEW BASIC AIRCRAFT

LD271025 Stockholm SVENSKA DAGBLADET in Swedish 22 Mar 81 p 6

[Article by Erik Liden: "Modernized, Lighter Viggen"]

[Text] The air force and SAAB have now decided what the Viggen's successor, the so-called JAS [jakt, attack, spanning--interceptor, attack, reconnaissance aircraft] aircraft, will look like. The choice of an engine still remains to be made, but otherwise the aircraft is a modernized but much lighter version of the Viggen.

The first aircraft would be in the air in 1990 if the Riksdag next year approves a new Swedish aircraft. The "mini-Viggen" will weigh only 8 tons against the Viggen's 14 tons. This means that the plane will be able to take off and land on the larger highways. It will also be easier to hide and to service in specially prepared deployment locations.

The JAS aircraft can cost a maximum of 20 billion kronor through the year 2000. A first order would probably be for 210-220 aircraft. Further necessary purchases can take place after the turn of the century.

Secrecy surrounding the new aircraft has been great. There have been no leaks from SAAB in Linköping. Only when the magazine FLYGVAPENNYTT introduces the JAS in its next issue will it be possible to make comparisons with its two main U.S. rivals, the F-16 and the F-18.

The important thing about the JAS, whether it is Swedish or foreign, is that the same aircraft with different armaments will be used as interceptor, attack and reconnaissance aircraft. U.S. tenders will be submitted on 1 April, and the SAAB-Scania tender on 1 June.

"The JAS is a challenge to the government, the air force and the aircraft industry," chief flight engineer Sven-Olof Hoekborg, JAS project leader at the Defense Materiel Department, said. "In a difficult economic situation it will be enormously difficult to accommodate development costs for the JAS at the same time as the Viggen interceptor is being delivered and paid for."

The Swedish plane is today being called the SAAB 2105. It is very reminiscent of the Viggen but is smaller. The aircraft will have a foreign engine to be manufactured by Volvo under license. At the beginning of April SAAB and subsidiary suppliers

will decide between General Electric the F 404 and the Pratt and Whitney F 100. The cost of engines is approximately 7-8 million kronor each when produced in quantities of around 300.

Col Bengt Loennbom is chief of JAS planning at air force headquarters:

"A compromise between speed and armament specifications will be distinctive of the JAS," he said. "It will be suited to the future system of scattered bases, will be serviceable by conscript staff and will have long-range weapons. The aircraft will be given an unjammable system for target identification and assessment and a good information system for the pilot."

"To save money, training aircraft and simulators will be used more in training. The lifetime of the JAS will be extendable and it will be easy and cheap to adapt to future developments in military technology."

S.-O. Hoekborg explained why the U.S. aircraft can be compared with the JAS:

"In the present situation they can, after modification and adaptation, meet the demands we place on the JAS. If it is decided in 1982 to buy aircraft from abroad, the F-5 and the French Mirage could be considered as well as the F-16 and F-18. However, all these projects contain economic uncertainties."

"Technologically the JAS will be in the Viggen class. Despite the lower weight it will be able to carry the same load of arms. The new engines are lighter but have greater power. Lighter material in the aircraft body, metal and plastic alloys, are very important here," S.-O. Hoekborg said.

"Improved electronics and an electric steering system will be installed. The JAS system will be up-to-date long into the next century, because it is being made flexible."

The training of pilots for the JAS system will need to be more comprehensive than today, since they will have to be able to carry out interception, attack and reconnaissance missions with different arms loads. Today air force pilots are specially trained for one of these three tasks.

This fall Commander in Chief Lennart Ljung will suggest to the government which aircraft will be the cheapest and best to meet Swedish needs. In May 1982 the Riksdag will reach a definite decision in the next defense bill. The decision will be of crucial importance in determining the future size of the Swedish aircraft industry.

CSO: 3109

BAYULKEN DISCUSSES GREECE, NATO, MILITARY

Ankara YANKI in Turkish 9-16 Mar 81 pp 19, 20

[Interview with National Defense Minister U. Haluk Bayulken by YANKI: "Aegean Is not Greek Sea"]

[Text] National Defense Minister U. Haluk Bayulken answers YANKI's questions on internal and external defense:

Question: What has Turkey gained by the practice popularly known as "foreign exchange military service"? Will raising the amount of foreign exchange to be paid have a negative effect?

Answer: As you know, Law No 2299 made it possible for our workers employed abroad to contribute to the Turkish Armed Forces by paying an amount of foreign exchange for part of their national service and performing part of it as active military duty.

As of 31 January 1981, 3,400 obligants had applied to do this. In the first period, 588 people did 2 months' military service and returned to their jobs. For the second period beginning 1 March 1981, 1,300 people have applied so far. The foreign exchange brought to our country as of 31 December 1980 was \$15.3 million (1.3 billion Turkish liras). I do not think it likely that raising the amount to be paid will reduce the numbers of those wishing to take advantage of this system. The actual number of applicants to date confirms this. The average number of applicants is around 500 a month and there has been no drop in this.

Question: The 4-month military service system has been in effect since December 1980 in order to reduce the number of service obligants with higher education. As 4 months of military service is not enough to gain a sufficient level of knowledge and skill needed for national defense, will this practice not have a negative effect on our defense?

Answer: No, we do not think any significantly negative effect likely. There were 5,000 people in December 1980 and each call-up from March 1981 to March 1983 will have between 18,000 and 20,000 recruits, so 140,000 people will have undergone 4 months' basic military training under this system. If we should need to mobilize these people, they can get separate adjustment and supplementary training. The basic needs of the Armed Forces are being met by other conscripts. And they are getting the normal period of training.

Question: What is the status of our defense relations with Greece?

Answer: As you know, we are two neighboring nations allied within NATO. We are allied and committed to each other in that we uphold the same ideals and will assist each other in this regard. You are well aware that pacta sunt servanda is a principle of great importance to the Turkish nation. Turkey covets no one's territory. We haven't the slightest hostile intent toward Greece. And we do not see Greece as a threat to us. As long as our neighbor fully respects existing agreements and resorts to no facts accomplis which Turkey cannot accept, we believe that friendship and cooperation will flourish. We sincerely desire that the Aegean become a sea of friendship and cooperation. We lifted NOTAM No 714 as specific proof of this desire. We have expressed on various occasions our pleasure at Greece's return to the military structure of NATO. Thus we believe that the viability of operations plans which coordinate the two nations' defense against a common threat will be greatly enhanced and that both nations will benefit from this.

Question: We know that Greece requested that American military aid to Turkey and Greece be kept at a 7/10 ratio between the two nations. What is Turkey's view on this?

Answer: Force requirements depend on the threat and are proportional to it. I pointed out above that we cannot reconcile looking upon Greece with whom we are allied within NATO as a threat with the Alliance. For this reason, it is also difficult to understand their concept of balance. We have to confront our mutual threat as two friendly nations. And our forces have to be strong to face this threat. To insist on a concept of force balance in the Aegean may be attributed to a desire to keep the conflicts between the two nations alive. It is better, instead, for two neighboring nations to coordinate their defense against the common threat within the Alliance. Moreover, Greece has no just cause for alarm about Turkey's being strong enough to carry out the comprehensive duties incumbent upon it both within national defense and general NATO defense, considering its geographical situation and the area it covers.

Question: When and how will the Aegean command control problem be resolved?

Answer: We believe that the problems of command control in the Aegean will soon be positively resolved through talks to be held based on the foundation that the Aegean is not a Greek sea and that the two nations have the right to use this sea under equal conditions. The need for NATO solidarity requires that we act constructively. Neither side benefits from aggravating the conflicts at any rate. It is impossible to restore pre-1974 conditions. New solutions compatible with present circumstances may well be instituted. With the world emphasizing East-West dialog, the smartest route would be also to promote dialog between two neighboring nations for the solution of problems within NATO. Past years have clearly shown that Turkey cannot be made to accept anything by force.

Question: We know that Turkey is pursuing total neutrality in the Iraq-Iran war and desires an early end to this war, actively participating in international efforts to this end. However, what sort of preparations have the Turkish Armed Forces made against the possibility of expansion of this war in one form or another?

Answer: You said that Turkey is working with its freinds for an early end to this war. Because we sincerely desire an end as soon as possible to this war which is doing great damage to two nations which are our friends and neighbors and causing great suffering to their people, we are giving no military aid which would serve to prolong this war. Although it is possible that even greater conflicts would arise should this war be prolonged, we believe that common sense will win in the end. Our Armed Forces are engaged in the routine activities which national defense requires.

Question: Many NATO documents clearly state that the Warsaw Pact has superior armaments. The United States is insisting that its allies increase defense spending by at least 3 percent in real value each year in order to close this gap and is appropriating even more than this for defense itself. On the other hand, the Soviet Union increases defense spending 11 percent to 13 percent every year. The arms race thus quickening is heading for intensification. Won't this hurt Turkey?

Answer: The new administration is still settling in. It may feel the need to re-evaluate its first statements. U.S. President Reagan and Secretary of State A. Haig were interested in the dialog and summit meeting which Brezhnev proposed in his speech at the 26th Communist Party Congress on 23 February 1981 and said that they would discuss it with their allies. Western society and Turkey desire the sincere continuation of the process of detente. It is known that the tipping of the balance of power in classical and nuclear arms between the Warsaw Pact, even though they express the same desire, and NATO in favor of the former is a cause of serious concern to the West. The Afghanistan incident has made this concern even more pronounced. Our opinion is that the United States wants to close the gap and have a credible deterrent force. The process of detente may then sit on realistic foundations.

Question: It is known that the United States is trying to fill the force vacuum in the Persian Gulf which became urgent after the occupation of Afghanistan. It is said to have certain expectations of its friends and allies in this region, especially Turkey. Would you like to expand on this?

Answer: Turkey is always in favor of the preservation of peace. It considers its national interests to lie in the perpetuation of peace. It is trying to keep a large standing army, through maximum self-sacrifice, to preserve the peace in the region. It joined NATO in order both that its own security might have a strong guarantee and world peace be preserved. It is performing these tasks and will continue to do so.

Certainly Turkey cannot be expected to take on tasks and duties beyond its own resources and which do not comply with its own interests.

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CSO: 4907

SUMMARY ON NATIONAL SECURITY COUNCIL TENURE GIVEN

Istanbul MILLIYET in Turkish 12 Mar 81 p 7

[Article by Aydin Ozdalga: "Six Months of NSC Administration"]

[Text] Today marks completion of the first 6 months in office of the National Security Council [NSC], which took over administration on behalf of the Turkish Armed Forces "throughout the chain of command" on 12 September 1980 for the purpose of "protecting and preserving the unity and integrity of the nation, the Republic and democracy."

The NSC has promulgated 123 laws during its 6 months at the helm. The heaviest period of the NSC's legislative efforts came in February. Within this month, the NSC debated and approved 41 laws. In contrast, only five laws were passed in September. Of the 123 laws passed, 38.2 percent dealt with economic matters, 13.8 percent with prevention of anarchy and terrorism, 8.1 percent with social matters and 39 percent with other topics.

The NSC met 42 times to approve these laws. During this period, a total of 188 law proposals were sent to the NSC from the Prime Ministry, comprising 143 drafts, 41 proposals and 4 memorandums. The four memorandums dealt with the execution of left-wing and right-wing activists sentenced to death.

Anarchy

Since 12 September, the greatest success has come in the struggle against anarchy. While an average of 25 people per day were being killed in the days preceding 12 September, this number gradually dropped and the average in February just passed was 1 a day. The decline in killings from October to February was: "91, 57, 47, 50, 32." In addition, for the first time in the past 6 years, a full week has passed without a victim of anarchy. No one was killed in anarchic incidents between the dates 2-9 March, and only one citizen was injured. A big decrease has been seen also in the number of incidents: in October there were 1,257 incidents, reduced to 395 during February. There were 129 armed incidents in October, 45 in February; 142 incidents involving explosives in October, 13 in February.

Moreover, as the result of searches conducted by Security and Martial Law Forces, 13,725 rifles, 19,407 handguns, 2,757 explosives and 407,000 pieces of ammunition were confiscated. These guns and explosives do not include the weapons surrendered voluntarily under amnesty by the public.

There are 6,223 people under martial law detention at present and 16,888 in prison. The martial law courts have concluded 10,181 (51 percent) of 19,943 cases on their dockets since 12 September and 886 people have been convicted. Of the 886 people convicted, 748 are in civilian prisons and 138 were sentenced to military prisons.

Accomplishments

The "tax reform" which had been so impossible to realize in past years was made into law by the NSC during its first 6 months. "Tax exemption of minimum wage" which had been an issue for years was accomplished indirectly with the tax laws by raising the personal exemption to 5,800 liras. In addition, the income tax brackets which had been prepared according to the currency values of 10 years ago, reflecting almost 60 percent for wage earners, were revised to reduce the tax rate on income up to 1 million liras to 40 percent, thus raising wage earners' income by reducing the taxes on it.

Also, the injustice suffered by pre-1970 retirees was rectified by a law passed just last week.

In addition, civil fines which had been way out of step with present realities were raised and the law to increase municipal revenues is at the approval stage.

Bread prices which had been going up for years started coming down for the first time last month. The Soil Products Office had been unable to make the purchases planned because sufficient money had not been allocated to the office last year and had a deficit in November. However, the wheat merchants who bought at below-premium prices the wheat which the office was unable to buy were prevented from exporting and while bread prices were thus expected to rise, the mechanism worked just the opposite and bread prices dropped for the first time.

A price drop has occurred also in durable consumer goods and many companies have slashed prices or concentrated on installment selling at the same price.

Transit shipping has come to the fore in this period, becoming the new "chicken that laid the golden egg" of the Turkish economy. Transit shipping was further enhanced by the Iran-Iraq war and, with the elimination of unnecessary formalities and the ports working around the clock, has brought millions of dollars in foreign exchange into the country.

The NSC is going forward with studies of the status of the SEE [State Economic Enterprises], one of the Turkish economy's biggest problems. Authorities conducting the studies agree that "the problem of the Turkish economy cannot be resolved until the problem of the SEE is resolved."

Allegations

Dwelling in particular on torture allegations, the NSC has taken concrete steps in this regard. Taking the route that if these allegations are true, the guilty parties should be prosecuted and punished, the NSC, to combat the allegations appearing especially in the foreign press that "leaders with leftist views are being severely tortured in Turkey," had General Chairman Abdullah Basturk of the

Confederation of Revolutionary Worker Unions and former Istanbul Mayor Ahmet Isvan examined in the presence of the local and foreign press to prove the invalidity of the claims.

Also giving special attention to allegations of impropriety, the NSC set up two separate investigative committees concerning Hilmi Isguzar [Minister of Social Security in last Ecevit cabinet] and Tuncay Mataraci [Minister of Customs and Monopolies, same cabinet], former ministers who were the first involved. When the Isguzar committee returned a "guilty" report, the NSC sent Isguzar to the High Court, and the work of the Mataraci committee is still in progress.

The NSC Secretariat General actually does the work in the NSC. Owing to the many duties of the NSC chairman and members, the day-to-day work is carried out by a broad staff of civilian and military experts through the secretariat general.

The secretariat general gives the NSC chairman and members frequent briefings and reports on its work. The NSC carries out its legislative work in light of this information given to it.

The secretariat general, established to carry out 12 [as published] functions under 4 major categories, performs these functions through 11 offices.

The NSC Secretariat General's 4 major functions and their breakdown are as follows:

1. Executive and Administrative
 - a. Personnel
 - b. Administrative discipline
 - c. Security
1. Information
 - a. Internal and external intelligence
 - b. Press and publications
 - c. Petitions and complaints
 - d. Economic intelligence
3. Executive/Guidance
 - a. Relations with ministries
 - b. Relations with public institutions
 - c. Relations with general staff
 - d. Liaison officers
4. Specialized Committees
 - a. Legal drafts and proposals
 - b. Study and report preparation
 - c. Legal affairs
 - d. Social affairs
 - e. Economic affairs.

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